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17 August 1982

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BRIEFS

ITAIPU FIRST TURBINES DELAYED--Foz do Iguacu--The Itaipu project will be delayed due to dwindling budgetary receipts and inflation-swelled costs. Work on the direct current transmission line will be postponed by 6 months and the effective operation of the plant, which was scheduled for February or March 1983, will now begin early in the second half of 1983. The rescheduling at the Binational hydroelectric project was reported yesterday by Itaipu Binational Company director general Gen Costa Cavalcanti at the end of an inspection visit to the hydroelectric plant construction site by President Joao Baptista Figueiredo. On the same occasion and in the presence of Mines and Energy Minister Cesar Cals, the director general explained that the changes were also partly due to the latest cut of approximately 10 percent in investments by the federal government in energy projects. Investments will now amount to 31 or 38 billion cruzeiros. The operation of Itaipu will also be tied to the industrial reactivation in the south-southeast region which will entail an increase in electricity consumption. [Excerpt] [PY060257 Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 Aug 82 p 22]

CSO: 3001/210

ROYO, HERRERA MEET, DISCUSS RELATIONS

PA281540 Panama City Televisora Nacional in Spanish 2300 GMT 27 Jul 82

[Text] Panamanian President Aristides Royo said today on arrival in Caracas that Cuba should attend the next meeting of Latin American foreign ministers, while the United States should remain out of it. If it is a meeting of Latin American countries then we should all be Latin Americans, Royo added. President Royo is on a 24-hour official visit to Venezuela.

Royo stressed that Panama believes the proposed meeting of the region's foreign ministers, to discuss hemispheric relations following the Malvinas war, should not exclude Havana, but should exclude Washington.

Regarding the creation of a new inter-American system without the United States, Royo said that Panama does not fully support a new organization; that first we have to talk and unite.

He said he would propose December as the date for the conference and that Panama would be the host country.

Royo was pleased with the announced dialogue between Venezuela and Cuba in search of detente for the Caribbean, calling this an action of political happiness for the two countries.

He was also pleased because Venezuela will become a full member--as is Panama--of the nonaligned movement, of which the Venezuelans are only observers.

He also said that the territorial controversy between Venezuela and Guyana could be discussed within the nonaligned movement and that, in any case, Guyana should negotiate in accordance with the agreement that regulates the dispute.

The Panamanian president had a busy morning today. After he was officially greeted, he placed flowers at Simon Bolivar's Tomb. Afterwards, he met with Venezuelan President Luis Herrera Campins.

Royo held a working meeting with important Venezuelan officials and discussed bilateral cooperation programs and projects. Then, the two presidents had a private lunch. The joint declaration that had been announced for after this

meeting, has been postponed until tomorrow morning, shortly before Royo returns to Panama.

In the afternoon, Royo met with congressional leaders and with the Venezuelan Bolivarian Society. He was also greeted by the diplomatic corps. This evening he is scheduled to attend a reception offered by President Herrera Campins. President Royo will return to Panama tomorrow morning.

At a ceremony held in the parade ground of Caracas Military Academy, the Venezuelan president outlined the common foreign policy views of the two governments. President Herrera said that the Venezuelans closely followed Panama's noble, strong and firm position in the UN Security Council and the OAS when the difficult south Atlantic situation arose, Argentina tried to secure its sovereignty rights over the Malvinas, and the continent faced the offensive launched by a colonialism that supposedly was dying.

President Royo said at this ceremony that we have to be more united and to impose respect from the other regions of the world. Referring to President Herrera, Royo said: You are acting the Bolivarian way. Be sure, Royo added, that you will always have Panama's solidarity and the support of the Latin American people.

Speaking at a news conference in Caracas, Royo said that respect for the political, social and economic systems of nations is one important principle to prevent divisions among the Latin American countries.

Royo said that yesterday's imperialism has been brought up to date and renewed with greater force in the Latin American region. As a result of this, the Latin American people should be more united and present a united front to gain the respect of the other regions of the world.

Official Venezuelan sources reported this afternoon that Presidents Herrera and Royo had lengthy conversations, especially on the planned Latin American foreign ministers' meeting, a high-level meeting to prepare a higher-level meeting--a regional chiefs of state summit meeting. The two presidents discussed expanding bilateral political, commercial and cultural agreements. The two leaders also discussed the situation in the convulsed Central American region and matters related to the positions of the two countries in the United Nations.

Panama is interested in extending its participation in the Venezuelan-Mexican program for 10 Central American and Caribbean countries.

Panamanian Foreign Minister Jorge Illueca, who met yesterday with his Venezuelan counterpart, Jose Alberto Zambrano Velasco, said that the presidents will have to talk about the date for the meeting of chiefs of state and that they will consult other chiefs of state and governments of the region on this.

After noting that the high-level meetings to take place are in connection with the commemoration of the 200th anniversary of Simon Bolivar's birthday, Illueca said that perhaps the meeting could take place between now and 24 July 1983.

CSO: 3010/2072

BELIZEAN OFFICIAL ON NEGOTIATIONS WITH GUATEMALA

PA031833 Guatemalan City PRENSA LIBRE in Spanish 27 Jul 82 pp 2, 51

[Text] The Government of Belize is prepared to negotiate with Guatemala in order to solve a conflict that has existed for over 150 years. The government of Belize will give Guatemala an outlet to the sea and will permit the use and enjoyment of the Zapotillos and Ranguana cays.

Premier George Price is interested in securing compliance with the understanding signed in London on 11 March 1981, but he will not yield "a single inch of territory."

Norris H. Hall, press secretary and spokesman for the Government of Belize, has told this special correspondent that there is no need for Guatemala to reinitiate negotiations with England. Mr Hall spoke in his Belmopan office.

He said: We can negotiate directly with the Guatemala Government and we wish to do so now more than ever, to secure compliance with the understanding, so that we can begin a period of harmonious coexistence with Guatemala.

Guatemalan Foreign Minister Eduardo Castillo Arriola said recently that Guatemala would soon reestablish negotiations with Great Britain over Belize and that these new negotiations would be based upon a new understanding.

He said that the understanding signed in London has been violated by England and he characterized it as obsolete. He also noted that the talks would continue until the country's southern, western and eastern borders are established and until there is an outlet to the Atlantic.

Responding to this, Minister Hall said that the only information he has on this statement is that published in the media, adding that the Belizean Government has received no official information through diplomatic channels.

Minister Hall said that the latest round of negotiations, held in New York in July 1981, failed because the Guatemalan authorities misinterpreted some of the points of the understanding.

We believe that we can now negotiate, but we demand, as a basic principle, that Belize's independence and sovereignty be recognized, Mr Hall said.

He added: If we reach an understanding based on this principle, dialogue could begin immediately. Our position, he noted, remains the same; it has not changed, because it is based on the points of the understanding.

Guatemala's fear is that if Belize claims 12 miles of territorial waters, it could decide to prevent Guatemala's access to the Atlantic. In this regard, President Rios Montt has strongly stated that "Guatemala will have access to the sea in that Caribbean sector."

Norris Hall said in this regard that Belize knows that it has sea-related rights, based on international agreements, but that it will never claim 12 miles of territorial waters, because it would enter into conflict with Honduras and because the problems with Guatemala would only grow more acute.

He said: The Belizean Government likes the idea of creating a borderline in the southeast sector, on the Caribbean sea. There is no way that we can claim 12 miles of territorial waters, because we would have to include an ocean area that allegedly belongs to Honduras.

For this reason, he added, we think that a 3-mile sea limit for Belize, Honduras and Guatemala will suffice. Otherwise, Guatemalan ships could not leave their own waters to go to the open sea.

Hall said: If we reach an agreement, Guatemala will have an outlet on the Atlantic, and Belize would cooperate in encouraging Honduras to sign a treaty of benefit to the Guatemalans.

Hall noted: To agree on limits, of course, it is necessary to initiate talks among government representatives from the countries concerned. Obviously, this has been the difficult point in the traditional conflict.

Another point contained the understanding signed in London specifies that once an agreement on Belize's independence is reached, "Guatemala can use and enjoy the Zapotillos and Ranguana cays."

Price's spokesman said that Guatemala has misinterpreted this point, since the understanding establishes how this would work. The Belizean position is that Guatemala may use those cays for tourism, but only under certain conditions.

The first condition is that Belize will not permit the construction of naval bases or of any other kind of military installation on those cays.

Neither will Belize permit the construction of hotels on Ranguana and Zapotillo. Guatemalan tourists could go there to swim, fish and to sightsee whenever they wish. The point is that Guatemala would not have sovereignty over those islands.

The Belizean official called on President Rios Montt to respect the Belizean people's right to self-determination, in accordance with his own human rights policy.

He noted: We have never belonged to Guatemala and it is obvious that we are a different race, with a different culture and different habits. We want to live in peace and to contribute to peace in Central America. We want to be allowed to work for a better future, he said.

Hall said: Later on, we can support each other, exchange technology and watch over peace in Central America. We want President Rios Montt to acknowledge our independence and sovereignty. If this kind of respect is demonstrated, we could reach a definite solution and there would be no need for England to participate in the negotiations.

The interviewer asked Hall about the conditions demanded by the Guatemalan Government for a renewal of negotiations. Mr Hall answered: "Premier George Price respects the agreement signed in London on 11 March 1981. That position has not changed."

Norris Hall, head of the Belizean government's press office, is a young professional from that territory. It is believed that he is one of the few men who enjoy the premier's trust. He took part with Price in various actions carried out prior to Belize's independence.

On 21 September 1981, the United Nations declared Belize an independent state. Guatemala has said in international forums that it will "never recognize that bilateral decision on independence and will not allow Belize to be a part of the Central American community."

CSO: 3010/2092

GUATEMALA, EL SALVADOR REESTABLISH FREE TRADE

PA060054 Panama City ACAN in Spanish 0030 GMT 5 Aug 82

[Text] Guatemala City, 4 Aug (ACAN-EFE)--Salvadoran Economy Minister Jose Manuel Pacas Castro and Guatemalan Economy Minister Julio Matheu Duchez, agreed today to reestablish free trade in all natural products from the two countries as of tomorrow. Today at noon, the Guatemalan Economy Ministry released a joint communique signed by the two ministers after a closed meeting in this capital yesterday.

The ministers also agreed to the creation of a permanent mixed commission that will be presided by the deputy ministers or undersecretaries of economy from Guatemala and El Salvador. The commission will not interfere with the mechanisms that have been established in the general treaty for Central American economic integration.

This commission will be charged with disseminating the schedule for the "inclusion of items on the list of priority payments established by the Salvadoran authorities."

In addition, the commission will have to define and draft requirements and procedures for a system of documentation and payment for this trade.

Another task of the commission will be to propose a system, including the establishment of dates, to solve the problem of outstanding payments for trade.

Finally, the permanent mixed commission will be required to propose solutions to problems that arise in bilateral trade.

It will be remembered that Guatemala's Matheu Duchez toured the other Central American countries late last week to announce restrictions on free trade.

Costa Rican Economy Minister Marco Antonio Lopez Aguero will arrive in Guatemala this afternoon or early tomorrow, with a similar mission to that of his Salvadoran counterpart.

CSO: 3010/2092

PARAGUAY, BRAZIL SIGN ECONOMIC COOPERATION ACCORDS

PY211800 Asuncion ABC COLOR in Spanish 3 Jul 82 p 8

[Text] The governments of Paraguay and Brazil yesterday signed five economic cooperation accords as a result of negotiations between the industry and commerce ministers of the two nations that just ended in Asuncion. The accords signed deal with the promotion of industrial development, technological development of fuel alcohol, meterology, technical and industrial quality standards, industrial trade-mark ownership and commercial registration. The ceremony during which the accords were signed took place at one of the halls of the Foreign Ministry and was attended by Paraguayan and Brazilian high-ranking officials.

A joint communique with a detailed account of the activities carried out in this capital by Brazilian Industries and Commerce Minister Joao Camilo Penna and his retinue of high-ranking government officials was also signed at the above-mentioned ceremony.

Paraguayan Foreign Minister Alberto Nogues and Industry and Commerce Minister Delfin Ugarte Centurion signed on behalf of the Paraguayan Government while Minister Penna signed for the Brazilian Government.

One of the accords deals with cooperation for the promotion of industrial development. In this regard it states that it is in keeping with a friendship and cooperation treaty signed by the two countries on 4 December 1975. Promotion programs will be carried out in the following fields, although new fields could be added in the future: Institutional aspects; incentives and support--especially with regard to the selection and promotion of opportunities to set up industries--such as planning, drawing up of projects, installation of industrial parks, exchange of information and of experts.

The cooperation will be implemented through projects of interest to both parties. The Brazilian Government has promised to prepare for the Paraguayan Government, on its own with the support of Brazilian Government and private organizations, specific studies and projects for the building of industrial parks or districts in the cities of President Stroessner and Villa Hayes. The Paraguayan Government has promised to supply all the necessary information and support, transportation and local contacts.

Within 60 days beginning yesterday, the executive secretariat of the Brazilian Industrial Development Council will send a technical mission to Paraguay in order to draw up the program of action. The accord will be open-ended, although either of the parties will be able to renounce it. The accord can also be amended by mutual agreement. The implementation of the accord will be made through the exchange of diplomatic notes.

Another accord signed yesterday has to do with the technical development of fuel alcohol. The accord states, among other things, that the parties agree to step up the cooperation concerning the technology of fuel alcohol in order to encourage production and utilization of this fuel in Paraguay. The accord states that the following channels of cooperation will be used: exchange of information, exchange and training of technicians, and technical assistance in order to set up in Paraguay a technical data collection center which would even include facilities for testing vehicles.

The accord further adds that the parties will hold negotiations to provide the funds that will guarantee the implementation of the activities planned and that this accord will be also open-ended. The termination of the accord will not affect the programs and projects underway, unless the parties agree otherwise according to the provisions of the accord on the technological development of fuel alcohol.

CSO: 3010/2073

PARAGUAYAN, BRAZILIAN INDUSTRY MINISTERS ISSUE COMMUNIQUE

PY212248 Asuncion ABC COLOR in Spanish 3 Jul 82 p 8

[Text] It was reported through a joint communique issued yesterday by Delfin Ugarte Centurion and Camilo Penna, Paraguayan and Brazilian industry and trade ministers respectively, that the Brazilian Government has approved the final studies and programs for the abolishment of the financial operations tax (IOF), which affects products imported from Paraguay. The purpose of this step is to promote bilateral exchange and to reduce the trade deficits that Paraguay registers in its exchange with Brazil.

The document stresses that the participation of the secretaries of industry and commerce of the states O Sao Paulo, Parana, Mato Grosso Do Sul and Santa Catarina has been welcomed with a view toward promoting bilateral economic relations. It also states that their participation opens "a new channel for bilateral cooperation."

According to the communique, the possibilities for economic interaction, technical assistance, technology transfer, training of human resources and joint investments were analyzed in the light of the above approach. These items, the document states, may be considered in more detail in future meetings.

The document then lists several of the specific points which can be negotiated or agreed upon. It reveals that following a proposal by the Paraguayan Government, the Brazilian Government committed itself to undertake specific studies and projects for the establishment of industrial areas or districts in Presidente Stroessner and Villa Hayes. The communique explains that as a proof of the interest of the Brazilian side in beginning truly significant cooperation, Brazilian agencies will consider supplying a scale calibration mobile unit together with its standard weights, to the National Institute of Technology and Normalization (INTI).

The communique also refers to the agreement on the feasibility studies and the corresponding project for a plant that will produce ammonia from water electrolysis. The plant will be located in our country and both the studies and project will be financed by the Banco de Desarrollo de Sao Paulo (BADESP). The document also establishes the mechanism for the implementation of the project through a joint Paraguayan-Brazilian investment.

In the communique, the TTOL ministers voice their satisfaction over and strong interest in the work undertaken with the purpose of joining the Parana and Tiete Rivers which, upon completion, will provide Paraguay with a new access to the sea and a new route for its exports and imports, in addition to promoting bilateral economic relations.

The ministers also announced that Brazilian agencies will render technical assistance for a seminar on the use of alcohol as fuel. This seminar, which will include demonstrations with master equipment, will take place during the industrial exposition that will be organized by the Paraguayan Industrial Union (UIP) in November 1982.

Among other things, Paraguayan officials asked their Brazilian counterparts for their cooperation in the training of ACEPAR personnel, for easy terms for the provision of raw materials to ACEPAR's Iron and Steel Plant, and the carrying out of studies and projects for the construction of an iron alloy manufacturing plant in Paraguay.

The Brazilian industry minister said that these requests will be complied with taking into account specific responsibilities and current availabilities and operational mechanisms. He also said that the pertinent negotiations would be carried out.

An accord has been signed with Sao Paulo state for the construction of a hospital for the treatment of cancer and burns in Paraguay. This project will be financed through a credit to be granted by Brazil's CACEX [Foreign Trade Department]. It was also stressed that President Joao Figueiredo approved the final studies and programs aimed at the abolishment of the financial operations tax (IOF), with a view toward promoting bilateral trade and reducing Paraguay's trade deficit in its trade with Brazil. The IOF affects products imported from Paraguay and it will be abolished in keeping with article 18 of the treaty signed in Montevideo in 1980.

Ugarte Centurion noted his country's interest in increasing its exports to Brazil in the following areas: Textiles, clothing, meat and lumber. He also referred to the interest of Paraguayan enterprises in selling railway ties for the renovation and enlargement of the Brazilian railway system and for the Caraja complex railway. Paraguay has also reiterated its request concerning the issuance of waybills by CACEX for imports with the purpose of facilitating the flow of Paraguayan exports. A memo was submitted to this effect.

CSO: 3010/2073

BRIEFS

ARGENTINE-BOLIVIAN GAS TALKS--Argentine ambassador to Bolivia Francisco Salinas has told Radio Illimani that the national commission which had traveled to Argentina to negotiate the payment for supply of natural gas, has returned. He said that Bolivian officials had submitted a petition through the Bolivian Foreign Ministry to Argentine officials to allow a delegation to travel to Argentina to hold talks on the Argentine debt to Bolivia for the sale of gas and other credits (?granted) by Argentina. Ambassador Salinas stated: I understand that these talks have been positive, regarding payments for the supply of the Bolivian gas, he admitted that in fact there has been some delay, but that the commission, which returned, brought the results of the talks on the terms payment. Regarding the Bolivian debt to Argentina, he said that they intend to readjust and update it. He finally reaffirmed the increasingly stronger relations between the two countries. He also said that the strength of those ties were demonstrated in very difficult moments both for Argentina and Bolivia. The recent Argentine conflict with Great Britain has demonstrated Bolivian solidarity with Argentina, the ambassador said. [Text] [PY102124 La Paz Radio Illimani Network in Spanish 1700 GMT 10 Aug 82]

ARGENTINE-PARAGUAY BORDER INCIDENT--Formosa, 9 Aug (TELAM)--A national gendarmerie patrol of the Clorinda 16th Garrison was attacked at the Argentine-Paraguayan border from the other side of the Pilcomayo River during an operation to suppress illegal activities in a flooded district of the city of Clorinda. Wounded during the incident was officer Santos Escobar, who led the Argentine patrol that came under heavy fire of rifles while personnel of the Paraguayan navy looked on passively, it was reported. The gendarmerie personnel were aboard an outboard motorboat and officer Escobar, who was shot in his left arm during the attack, was taken to a hospital in Clorinda, 12 km north of Formosa. Early reports indicate that the gendarmerie personnel could not repel the attack out of fear of wounding innocent people, including women and children, who were gathered on the Paraguayan bank, a few meters away from the site of the shootout. It has been reported that the preliminary claims over the incident were already lodged with Paraguayan officials through the Paraguayan consul in Clorinda and the Argentine ambassador in Asuncion. [Text] [PY100339 Buenos Aires TELAM in Spanish 0300 GMT 10 Aug 82]

HAVANA ON RELATIONS WITH CUBA--Venezuelan Foreign Minister Jose Alberto Zambrano has confirmed that within a short time Venezuela and Cuba will discuss their bilateral relations and the current Latin American situation. He added that the future relations between the two countries will depend on these talks. Stressing that the two countries have agreed on many subjects concerning the Malvinas crisis. Zambrano also termed as very positive Cuba's role in the recent meeting of the nonaligned movement's coordination bureau, especially in the case of the Venezuelan-Guyana dispute over the Essequibo region. [Text] [PA231950 Havana International Service in Spanish 1800 GMT 22 Jul 82]

CSO: 3010/2072

BRIEFS

ECONOMIC UNDERSECRETARY'S TRIP--Feliz Pena, undersecretary for international economic relations, has departed for New Delhi where he will start a tour which will include Indonesia and the PRC as well. The objective of this tour is to intensify relations between Argentina and these nations and to explain Argentina's viewpoints on the Malvinas issue. [Text] [PY091506 Buenos Aires Domestic Service in Spanish 1030 GMT 9 Aug 82]

RAILWAY WORKERS UNIONS COMMUNIQUE--The coordinating board of the Railway Workers Unions has issued a communique on its decision to suspend the coercive measures that they had adopted. Moreover, the communique reports that the coordinating board will remain in continuous session until 2000 [2300 GMT] on 11 August. At that time it will decide on additional measures to be implemented. The previously mentioned measure was adopted after union representatives met with Labor Minister Villaveiran who told them that a solution is expected between 20 and 25 August. [Text] [PY101625 Buenos Aires Domestic Service in Spanish 1030 GMT 10 Aug 82]

CSO: 3010/2103

CARIBBEAN NATIONS REPORT ISA SHORTFALLS

FL061239 Bridgetown CANA in English 0959 GMT 6 Aug 82

[Text] Bridgetown, Barbados, 6 Aug (CANA)--Trinidad and Tobago has joined fellow Caribbean Community (CARICOM) member countries Jamaica and Guyana in declaring a shortfall in its International Sugar Agreement (ISA) export quota, according to the Latin American commodities report.

Trinidad and Tobago reported that it would be unable to ship any of its 1982 quota of 70,000 tonnes after Jamaica had declared a total shortfall on its 83,773 tonne quota, and Guyana a 10,480 tonne shortfall of its 125,480 tonne allocation, the report said.

The cutback in exports is the result of a further decline in CARICOM output, which this year seems likely to fall below 740,000 tonnes from 745,988 tonnes in 1981, according to the publication.

Trinidad and Tobago's sugar production was said to have fallen for the sixth year running.

At 80,000 tonnes, output was 23,000 tonnes off target and well below half the 205,10 [figure as received] tonnes produced in 1976.

According to Caroni, the state-owned sugar company, Trinidad and Tobago's supplies are sufficient for local consumption, but in addition to declaring a shortfall on its ISA quota, the country has been able to supply only 46,954 tonnes of 66,554 which it was due to ship to the EEC in 1981/82 under the Lome convention.

In 1981 Caroni lost 72 million dollars (U.S.) and this year it expects to lose some 125 million dollars (U.S.).

To strengthen its position it is planning to sell off land, build up its distillery operation and go into rice-growing.

It will also be investing over 13 million dollars (U.S.) in reactivating a bagasse plant and building a granulated sugar plant.

The report said this season's outstanding crop failure was in Barbados, where output was not expected to exceed 88,700 tonnes, "the worst result since 1948."

The Barbados Government has announced that a 10-million dollar (U.S.) soft loan is to be offered to Barbados Sugar Factories Limited, which runs the island's six sugar mills, and that the administration will support sugar prices at a level equivalent to 0.4625 dollars (U.S.) a pound.

The report said reduced sugar output was also likely in Jamaica and in Guyana, where the first crop yielded only 86,000 tonnes, 26,000 tonnes off target.

In Jamaica the forecast is for output of 190,000 to 200,000 tonnes unless production for the 1983 crop is brought forward to November or December, the report said.

"St Kitts may be the only CARICOM country to increase output this year. Latest reports forecast the crop at 38,000 tonnes against 33,256 in 1982," it added.

CSO: 3020/160

ECONOMIC CRISIS, BUDGET PROBLEMS VIEWED

PA061505 Guatemala City PRENSA LIBRE in Spanish 29 Jul 82 pp 4, 49

[Third and last part of report by special correspondent Alvaro Galvez Mis]

[Text] Almost a year after Belize's unilateral independence, agents of the British Crown continue to impose the law in Belize.

Over 2,000 English soldiers are stationed there and the governor appointed by Queen Elizabeth II strongly influences government decisions.

So far, nothing has changed for Belizeans. Colonialism has not been erased. The English Queen's face appears on local bank notes and Great Britain's economic subsidy makes the survival of that incipient independence possible.

Like the Central American Isthmus, Belize also confronts a critical financial situation. Dollars are scarce and the principal raw materials, on which companies depend, are imported irregularly.

Sugar is the economy's mainstay, but the international markets have reduced their purchases of this product. This led to an imbalance of the local budget.

According to official reports, the government has approved a budget of 186.6 million Belizean dollars, that is, 93 million quetzales (Guatemalan currency) for the 1982-1983 period. This sum is generated by sugar, which yields a total of 95.4 million dollars; molasses, 2.6 million dollars; citrus products, 11.1 million dollars; clothing exports, 27.4 million dollars; marine products and other products, 3.8 million dollars.

The government is currently promoting the establishment of foreign companies which would operate out of Belize to export their products. This is the case of the Williams Industries, a clothing manufacturer which does not distribute these clothes in Belize, but exports them to the United States.

Belizeans view this measure favorably because it represents a source of work and generates currency. As can be seen from the budget, 27.4 million dollars are obtained from this type of activity.

The local authorities almost never report on the total amount of the English subsidy, but observers have estimated that this aid could exceed \$75 million.

Under an agreement signed shortly before independence, England promised to finance Belize's most important infrastructure projects. Great Britain, for instance, is currently constructing the so-called northern highway, which will connect Corozal (on the border with Mexico) with the city of Belize. Total cost is over \$45 million.

The English Crown is also in charge of the construction of secondary roads, bridges, drainages, health areas, etc. All of these make the increasingly important development in the agricultural areas possible.

The Crown also provides technological advise. George Price has insisted that Belize's budget must be balanced (not complemented with debts in foreign banks), but it is obvious that were it not for the English subsidy, Belize could not consider the development programs that a supposedly independent people deserve.

Those who are in charge of economic policy believe that Belize should subsist on the basis of its own resources. Nonetheless, it receives the economic support of Canadian institutions, of the European Economic Fund, of Caribbean organizations, etc.

According to the economists, it is not advisable to seek the financial support of U.S. organizations, because they foresee difficulties with the granting of loans.

Those who direct the projects financed by England remain in Belize and are known as "agents of the Crown." They report on what is being done and on the problems that emerge.

Dr Minifa Gordon is the governor appointed by Queen Elizabeth, and she practically has the last say in the local government's decisions. Any activity that Premier George Price may want to carry out must be approved by her first.

Should she disapprove of something, she would surely report to the Crown, and Price would begin losing the support that the English Government has given him so far.

At this point, Belize has over 150,000 inhabitants. In recent years there have been big immigration movements by Salvadorans and Hondurans. In the case of Salvadorans, the government is building agricultural villages for them, but it has been introducing Belizean families into them as well.

The United Nations has given economic aid to the authorities to help the refugees. Now they have been given land. According to the opposition, this is a strategy by Price to increase his electoral potential.

Problems exist and no rosy future can be glimpsed in the territory. Premier Price, however, has accepted the challenge of heading toward independent life.

The opposition criticizes him, but his partisans praise him. At a recent rally, people carried him on their shoulders and the name "Price, Price, Price!" could be heard everywhere.

An independence plaza was built in the city of Belmopan (Belize's capital), in front of the palace. A plaque there reads: "This is the land of Price, the father of independence."

Price rose to power in 1961. He has won by majority every election held since then. The opposition claims that he is a false leader and that he is "the master of electoral fraud."

Nobody can tell what will happen in the short term in this territory, over which Guatemala maintains its geographic and historical rights. Nobody knows either what will happen to Price. Guatemalan Foreign Minister Eduardo Castillo Arriola has described him as "astute but perverse."

Will he be able to confront the economic problems? Will he be able to direct an independent people without England's subsidy? Will he be able to solve the hunger problem? These are the international observers' questions. Time will tell.

CSO: 3010/2096

BRIEFS

MINERAL SALES BULLETIN--Bolivia exported minerals worth \$158,944,693 during the first 4 months of this year. These sales were spread out among different economic regions in the world, according to a report in the mining-metallurgical bulletin issued by the Mines and Metallurgy Ministry. From that total, Latin American Integration Association [LAIA] members such as Argentina, Chile and Brazil received minerals worth \$3,493,776. The Andean Pact which includes Peru, Colombia, Venezuela and Ecuador received minerals worth \$3,883,447. In the Central American market, Guatemala imported tin and lead alloys worth \$7,075. The United States is the biggest importer of minerals, its total imports amounted to \$85,495,674. The other economic region covered by the mining-metallurgical bulletin is CEMA, which includes Romania and the USSR. They purchased minerals from Bolivia totalling \$1,672,685. The EEC countries such as the FRG, France, Belgium, the Netherlands and Great Britain purchased minerals for a total of \$48,197,849. The other economic region covered by the bulletin is the European Free Trade Association. Switzerland, for example, purchased minerals worth \$6,348,996. Asian countries, Japan and Malaysia purchased minerals worth \$8,960,371, as of April 1982. The other sector listed under rest of the world includes purchases of minerals worth \$4,119 and minerals in transit totalling \$880,701. [Text] [PY091431 La Paz Radio Illimani Network in Spanish 1100 GMT 9 Aug 82]

CSO: 3010/2103

PLANNING MINISTER SPEAKS ON GOVERNMENT'S ECONOMIC POLICY

PY051543 Rio de Janeiro JORNAL DO BRASIL in Portuguese 31 Jul 82 p 19

[Speech by Brazilian Planning Minister Delfim Neto at lunch with businessmen in Rio de Janeiro on 30 July]

[Text] I. The Basic Principles of the Current Economic Policy

An objective analysis of the criticisms recently made against the current economic policy requires that each of the points be examined within the overall context of the Figueiredo government's policy.

To that effect, the basic principles of that policy are presented below. More than dwelling on diagnosis or justifying directives--tasks to which the government has exhaustively devoted itself in the last 3 years--it now behoves us to pinpoint the main aspects that constitute the frame of reference for the federal government's actions in the economic area.

1. The crisis that the Brazilian economy has been experiencing since 1973, which was set off by the first oil price shock and was aggravated by the second oil price increase in 1979-80, was imposed on us from the outside, and it is currently complicated by high international interest rates plus the worldwide economic recession. This is to say that a country which continues to have all the market conditions, and all the natural and human resources necessary for its economic development is forced to rein in that development due to restrictions imposed by the disposable foreign exchange.

There is no use crying over that. We cannot do what the title of a broadway show suggests: Ask the world to stop because we want to get off.

2. Despite this distressing circumstance created by Brazil's position on the international stage, it is greatly stimulating to know that, contrary to the great majority of developing nations, Brazil is in the position to overcome, over the medium-term, that restriction on the external front. To that effect, the mobilization of reaction capacity of our export sector is indispensable, as is the selective implementation of public and private investments to transform our immense reserves of natural resources into an instrument to reduce our dependency on imported oil.

3. The central objective of the Figueiredo government's economic policy has always been to maximize the growth of employment opportunities and, consequently, the level of the country's economic activities. Despite the compulsive search for such objectives, it was and will be subordinated to socioeconomic restrictions which draw the line between what is desirable and what is possible:

- A) Making external accounts manageable;
- B) Seeking greater justice in the distribution of the gross domestic product [GDP] and
- C) Seeking a continuous decline of inflation over the medium-term.

4. The current government has clearly explained and pursued its objectives regarding the role to be played by the public sector in the Brazilian economic:

- A) Contributing for the full utilization of the private sector's potential in the process of economic development. This means to simultaneously try to eliminate the overgrowth of the public sector and to create conditions for the self-sustained growth of private activities; and
- B) Reviewing the level and distribution of the tax burden among income brackets, and of the responsibility for public expenditures among the three branches of government.

In examining criticisms of isolated aspects of the economic policy, it is indispensable to keep in mind this overall perspective. Unfortunately, the simultaneous occurrence of effects which are desirable for one objective and undesirable for another is an almost universal consequence of the application of the instruments which economics places at our disposal. As will be seen later, the various criticisms and suggestions being discussed now do not escape that unfortunate characteristic.

II. Recent Criticisms of the Economic Policy

1. Shock Treatment in the Fight Against Inflation

The suggestion to implement shock treatment to fight inflation must be rejected outright because it is at odds with the central objective of the current economic policy, which is fostering society's rising standard of living. Recently the voice of the propounders of a general recession to fight inflation has been heard once again. The argument in favor of shock treatment is alluring in appearance: In the short-term it would bring inflation abruptly down simultaneously with an expansion of the trade surplus. The decline of the Brazilian inflation rate in 1965 is mentioned as empirical evidence of the satisfactory results of such a policy.

They go so far as to cite the extraordinary success obtained by ministers [Octavio Gouveia de] Bulhoes and [Roberto] Campos, but is Brazil in 1982 the same as it was in 1964?

However, a more careful analysis reveals the weakness of that suggestion, for the following reasons:

A) The general indexing now present in the Brazilian economy would not permit the repetition of the success obtained in the past against inflation.

We would have to bring about a recession deeper than in the past (1964-65);

B) The loss of the economy of scale due to the reduction of industrial production would reduce even further the competitiveness of our exports at a time when the international market makes the sale of our products difficult because of protectionist barriers and depressed international prices.

We can no longer imagine the existence of an expanding international market. It is stagnated, and it is no longer favorable to the growth of our exports at the same rates as in the past.

C) The nation's industrial capacity is an asset amassed by Brazilian society in the course of decades fraught with sacrifices and it must not be squandered carelessly, yielding to momentary pressures.

We cannot make the same mistakes other nations have made by destroying their economies in order to reduce inflation or achieve a trade surplus. (Applause)

When a recession became necessary it took place and everyone paid the price.

It must be pointed out that in 1981--when the need to turn the almost \$3-billion trade deficit of the preceding year into a \$1-billion surplus, required that the government scale down industrial development--care was taken to prevent a surge of private bankruptcies. We know, however, that a sustained promotion of industrial slow-down would inexorably lead to the destruction of the enterprises, an effect already noted in other developing nations.

D) The short-term management of our foreign debt calls for the implementation of a minimum of feasible projects capable of using up foreign loans to the amount required for levelling off the balance of payments.

If we fail to come up with attractive projects, capable of convincing international bankers, we will be unable to manage our debt.

In fact, the need to curb imports sets a ceiling for economic growth. At the same time, the need to attract new foreign loans sets a bottom rate for this same growth. Therefore, shock treatment could lead to the collapse of our foreign accounts management.

A shock treatment suitable to a temporary imbalance would also clash with the possibility of doing away once and for all with the stagnation of the foreign sector which is being stimulated by the policy of structural changes that the government is carrying out.

Yet another radical proposal for dealing with inflation advocates the elimination of monetary corrections and all kinds of indexing.

Minister Camilo Perna is quite right when he says that indexing must be partially eliminated. Israel has implemented the same indexing system with good results. Without indexing the economy would be unable to grow.

Undoubtedly, the overall indexing of the Brazilian economy is a decisive factor for keeping the prices from going down, thus thwarting government efforts to curb inflation. However, we must not mistake undesirable lateral effects of a given therapy with the disease itself. Monetary correction permits long-term contracts to exist within the framework of an economy besieged by inflation; it is a government-approved mechanism which is aimed at eliminating, at least partially, the uncertainties arising from the future behavior of prices. By leaving us open to the devastating effects of inflation, the elimination of monetary correction would disrupt the development of the economic system to such an extent that any discussion regarding the anti-inflationary results of this measure would become academic.

We must provide a minimum of guarantees to enterprises and to the financial system for housing so that they will be able to operate.

Nevertheless, there is something in this discussion about indexing that requires further thought. The overcoming of the current crisis must follow a reshuffling of relative prices in keeping with the new international economic situation.

Thus, the tie between the prices of imported energy and the other prices will have to be readjusted in favor of the former, just as the salaries-exchange rate ratio will be a sign that it has become attractive to engage in export activities. Now, the tough job as far as social cost goes in an indexed economy is the effort to change relative prices. Perhaps once the debate on inflation currently underway in Brazilian society matures, we will be able to move toward reaching an understanding about the concessions which each sector of society will have to make in order to reduce the inflationary process that is now taking place. The government, an advocate of the democratic debate underway, will be actively participating in it and will remain alert for the proper time to institutionalize a compromise of latent desires. However, this could be the chance to temporarily suspended general indexing, readjust relative prices and return to indexing on a more realistic basis.

We must think about this. If we want to keep the system working we must change the system of relative prices and this will be done when a broad national consensus is achieved.

2. Explanation of Priorities and Control of Public Deficit

A number of criticisms hurled at the government's economic policy could be understood, basically, as comments on the size of the public deficit, its sources and its connection with the inflationary process. Within this context we must point out criticisms related to:

- A) The (high) level of subsidies.
- B) The lack of control on state expenditures.
- C) The attempt to carry out an overambitious program of public projects; and
- D) The great number of public budgets.

Through this and other similar forms of criticism, some critics have conveyed their conviction that the government is not doing everything it can to reduce the deficit in the public sector and their disagreement with the order of priorities established by President Figueiredo. Some have gone as far as questioning the very existence of these priorities.

The government deficit is undoubtedly high. The government itself has time and again pointed to this problem as one of the major evils of the Brazilian economy. Yet it would be unfair to overlook the government's efforts to overcome the deficit without causing irreversible damage to the economy. Figures at hand clearly indicate that some success has been achieved in this area during the past 3 years: in relation to the GDP, the consolidated deficit of the public sector dropped from 8.3 percent in 1979 to 6.7 percent in 1980 and to 5.6 percent in 1981.

Yet the above figures continue to be above the level of what could be considered acceptable, irrespective of the approach. Therefore, President Figueiredo continues to have the control of public spending as one of his major concerns. In evaluating the results achieved thus far, critics should be fair and consider that in making a decision for the government public servants can neither simply overlook those commitments made by their predecessors nor disregard those pending matters they will have to bequeath to their successors.

Dissatisfied with the pace at which the deficit has been declining, critics have proposed some options to expedite the process. One option which has been persistently mentioned is that of drastically reducing or completely eliminating government subsidies to the various sectors of the economy. First of all, it should be made quite clear that it is a deeply rooted tradition both in the Brazilian economy and in other world economies to grant subsidies to promote a certain economic activity. This form of public spending is an instrument which is as legitimate as any other. Thus, the contention that subsidies is one major aspect of public spending that should be eliminated leads us to believe that those advocating this position question either the effectiveness of this instrument in achieving the government's objectives or the very priorities outlined for every sector in the past 3 years.

Three leading sectors supported by the government (agriculture, energy and exports) absorb nearly all of the subsidies. The usefulness of earmarking public funds for supporting these sectors cannot be questioned. In fact, even diehard critics of the government have thus far failed to explicitly express their doubts about the significance these sectors have in helping the economy adjust to the new international reality. Could anyone cite an effective instrument that would not generate inflation that the government had failed to immediately use?

Furthermore, the highly satisfactory response elicited by a package of measures implemented by the government in the above sectors during the past 3 years must also be noted. While we imported milk, beer, rice, corn and soybeans in 1979, we already have buffer stocks of these products in 1982. How then could one accept those criticisms questioning the effectiveness of subsidies in contributing to achieving a successful economic policy?

Interest rates are not pushed upwards by subsidies but by the shortage of agricultural products. While a subsidy is not an evil; its financing is. Subsidies of exports must continue. Our rich partners share our same ideas and subsidize their products adequately. Without subsidies we would not have the PROACOOL [Alcohol Production Program], or coal and you would not be able to substitute fuel oil in your enterprises.

Our critics perhaps fear that our subsidies program might be very inflexible, explosive or apt to become permanent. These are valid concerns especially at this juncture when it is difficult to make predictions. Yet we believe the government has time and again proved that it is closely watching these problems as it demonstrated in the adjustments made in the conditions and volume of credit granted to these sectors. We also believe that no permanent subsidy should be granted to any sector. This belief is reflected in the reduction in the volume of government subsidized credits through a gradual involvement of the private banking system in the agricultural loan program.

Another issue that is frequently raised is the need to exercise greater control over government-owned enterprises. It has been proven worldwide that although government-owned enterprises are able to act more flexibly due to their legal status, they entail an additional burden to the central government's efforts to control public spending. Aware of this fact, the federal government created the secretariat for the control of state enterprises. By acting upon the financial sector of these enterprises, the government could rapidly reduce the inordinate growth of these organizations which had become independent. Yet, evils accumulated through decades cannot be eradicated in a short time.

Furthermore, a sharp deceleration of government investments could cause uneasiness in the production sector and an immediate slow down in activities since the private sector could not possibly compensate for these investments, not even in the medium term. Our achievements, far from satisfying us, are being viewed as part of a learning process in our struggle toward fully recovering our control over public spending.

The third factor in public spending that needs to be attacked, according to our critics, is the government's persistence in concluding large investment programs initiated by previous administrations. In fact, several projects included in these plans should not have been started had the government been aware of the hardships existing at the time of their implementation.

There is no use crying over spilt milk. However, there is a great difference between acknowledging the fact that a given project should not have been started and the decision to stop an ongoing project. To decide whether an ongoing project should be interrupted or not one must compare the benefits to be de-

rived from its completion only to the remaining costs, independently of what has already been paid out. For example: Had the government been aware that we were going to experience the current economic crisis, it is probable that it would have not started the steel railroad, nor would the iron and steel plan have had the size it has now. However, the analysis of the economic feasibility of these projects prepared at the beginning of Figueiredo's administration showed that the benefits arising from the projects would greatly surpass the remaining costs of their implementation. In certain cases, such as the nuclear program the economic recommendation, in light of the prevailing situation, was to delay investments, and this was done.

In 2 or 3 years more the steel mills will be productive. Caraiba Metais was an ambitious project but by September we will be selling copper. Inflation was, indeed, a horrible, painful, indecent and not very intelligent mechanism for keeping investments going.

Finally, there are some that say that public budgets should be merged in order to put government finances in order. It is obvious that deficits do not result from the fact that revenues and expenditures are added up in two, three or more different budgets. If the idea the critics have and want to convey is merely the need to instill some consistency in the preparation of the various budgets or to bring some discipline into the relations between the Central Bank and Bank of Brazil, we must draw their attention to the progress achieved in this regard over the last 3 years by means of liaison between teams, reconciliation of timetables for drawing up budgets and improvement of control mechanisms applicable to the agents responsible for the issuance of more currency, among other things.

In sum, with regard to the organization of the public sector, the curbing of the government deficit and the establishment of priority objectives in order to provide guidelines for public expenditures, the Figueiredo administration has done its best and the result are for all to see. As to public revenues, the recently established commission charged with making an in-depth review of the national tax system and suggesting amendments is yet another step on the path toward a more effective and equitable tax system. We will not give up our decision to leave the public accounts in order for our successors.

3. Reduction of the Interest Rates

Another set of criticisms is directed at the high level of domestic interest rates. To begin with we must reaffirm that interest rates are high nowadays not because the government want them to be but because they have to be. Let us take a look at the motives for this: First of all there are foreign restrictions that the nation has to deal with currently.

We need high interest rates in order to keep capital flowing in. Therefore, domestic interest rates must be always above interest rates abroad. Should the United States lower their interest rate to 16 percent, the people here want 12 percent. There is talk about interest rates as if they were some kind of national conspiracy. Can bankers meet for lunch on Friday and decide the interest rates that will be put into effect here?

Now, to keep employment at reasonable levels, at least--and this is a priority objective--we must accept as inevitable the short-term balance of payment and current account deficits.

Therefore, until foreign restrictions are lifted, we will have to establish mechanism capable to balancing foreign accounts over the short term. Now, if from the point of view of the potential client the decisive factor for choosing between domestic and foreign sources of funds is the interest rate ration, we must adjust domestic interest rates to those abroad so that the productive sectors will find it attractive to seek foreign resources. The basic working hypothesis is that the difference between domestic and foreign interest rates induces the influx of foreign resources.

If there is one thing that helps to keep up employment in the country it is the rotation of the debt. High interest rates are the price we pay to keep working.

Bearing this in mind it is known that domestic interest rates have been experiencing strong upward pressure due to the simultaneous action of various unfavorable, mostly foreign, factors. First of all, the international interest rates have reached levels unprecedented in Western economic history, mostly due to the short-term policy which is being followed by the United States. In the second place the spread [given in English] which is being paid on nominal rates has a significant effect.

We pay higher spreads to have longer terms of payment. Some of our colleagues have taken 6-month loans in order to pay less interest and now they are paying a much higher price: They are going broke.

Here, the motives certainly have to do with the risk-rating of the international financial community. However, we must also stress our deliberate policy of choosing long-term loans even at the expense of paying larger spreads, in order to avoid overloading the management of debt servicing. International experience teaches us that it is better to follow a strategy based on large spreads and long terms of payment rather than small spreads and short terms. If we add to all this the pressure currently arising from inflationary expectations as yet another factor that helps increase current domestic interest rates, the explanation of the current interest rate levels becomes complete.

We would greatly prefer to find some mechanism that would be capable of reducing interest rates without having an effect on inflation and being immune to foreign factors. Unfortunately, any government effort to reduce interest rates will tend to dangerously foster inflation.

No one wants to give up the profits his money should bring. How shall we pay subsidies? Each of our mothers knows that she has a sort of open-market that pays off. We can go so far as to kill someone, but we cannot ask them to commit suicide.

In fact, these government interventions would call for more treasury subsidies (as would be the case if the government gave tax advantages to those who took foreign loans) or the expansion of credit supply (such would be the case of restriction on foreign loans inflow).

The foreign debt is the best managed thing in this country.

All these arguments lead us to the painful conclusion that the interest rates will fall when foreign restrictions disappear and the battle against inflation approaches victory. In the meantime it is up to the government to make co-existence with high interest rates tolerable over the short term by placing a reasonable amount of funds at the disposal of top priority sectors at lower interest rates. This coexistence has so far been acceptable because the government has been able to make the investments it wanted in priority sectors, be it directly through public investments or indirectly through subsidies to the private sector. No doubts should be harbored, however, regarding the government's firm decision to take advantage of the recovery of the prices of our exports or the decline of inflation, in order to reduce the interest rates.

4. Changes in Management of External Accounts

Criticisms of the foreign sector reflect sheer dissatisfaction with an adverse reality instead of a desire to propose less painful alternatives to overcome the money exchange crisis. In fact, the status achieved in our commercial and capital accounts in 1981 was instrumental in dispelling the threat of external bankruptcy. Since Brazil's international credibility has been confirmed, we entered 1982 with prospects of making substantial progress in reducing our current accounts deficits. Yet the current international crisis, which stimulates the coexistence of the highest interest rates and the lowest prices of commodities since the 1930 crisis, has undermined our exports. Even so, we continue to operate with commercial surplus and have an absolutely normal income from external resources in a year in which several countries, including petroleum exporters themselves, are facing difficulties. These achievements and the mutual support and confidence prevailing between the government and the exporting sector will guarantee that eventual artificially depressed exchange rates or the withdrawal of subsidies due to external pressure will be compensated for in such a manner as not to affect our policy of gradual minidevaluation, and without reducing the competitiveness of our products in protectionist developed countries.

In this context, let us examine three criticisms which are frequently made in this area:

A) Some economists have been advocating that the time has come to renegotiate our foreign debt. They even seem to be happy to express this view. Yet they seem to forget that a renegotiation, as the word itself indicates, requires an agreement by two or more parties involved.

Like in every important act in life, this one cannot be done unilaterally. If the partner disagrees, nothing can be done. One cannot play with that because it will grind the country to a halt.

If by any chance our creditors agreed to renegotiate our debt without any additional cost to the country or, even better, if they agreed to defer payment of the principal a few years from now without any additional requirement, then it would be foolish of the government not to agree to renegotiate. But this does

not happen in the real world. Recent experience by other countries who have renegotiated their debts showed us that its cost is very high. Furthermore, during the process of renegotiation the country is virtually ground to a halt: short term imports are frozen and the productive sector either stops or collapses.

Those who are proposing this now did the same thing in 1962 and the country ground to a halt. The problem is short memories.

B) There are also those who suggest as a solution in the area of foreign exchange the adoption of a commercial exchange rate and a financial exchange rate. Those who propose this measure believe that there is a need to give more incentive to exports through a more attractive exchange rate. At the same time, to maintain the inflow of capital they propose a more advantageous exchange rate for financial operations. The rules to differentiate between the two rates vary from proponent to proponent.

Those who lack imagination have always tried to solve this with a dual exchange rate. How many times has a genius appeared to convince presidents of the validity of the differentiated rates! [Applause] This is an uncontrollable instrument for corruption. Brazilians like gambling too much. There would be 120 million people betting on the two rates. An old Doctor Mellao (a Sao Paulo banker) always told me: Deltim, getting in is easy, it gives great joy, but it is hell to get out.

In reality the dollar bill is the same, regardless of what it is used for. So, proposing two or more prices for the dollar bill is equivalent to trying to neatly divide the dollar market. The fact is however that, in a market economy, it is almost impossible to divide other types of goods, how much more difficult will it be to do so with the only good that represents the basis of exchange?

If we cannot set two prices for the same can of sardines, how can we set them for the dollar?

No country has succeeded in maintaining a dual exchange rate. In addition to inevitably implanting an uncontrollable instrument for corruption; we know how to get into this dual system but we do not know how to get out of it without disrupting the external sector. The Brazilian experience in the late 1950's and early 1960's is quite illustrative;

C) It is said that foreign loan agreements with equipment import clauses are instrumental for importing goods for which we already have idle production capacity. This observation is generally made by capital goods manufacturers who now have on hand a very large idle capacity. The degree of idle capacity determines the level of complaint.

The seriousness of the problem in the capital goods industry is not due to the import of similar foreign goods, but to the excessive investments made in the past. It should be noted that, in all agreements approved by CACEX [Bank of Brazil's Foreign Trade Department] Brazilian industry has most of the time participated in filling more than 80 percent of the supply orders.

Making a comparison of the ratio between the value of capital goods production and the total value of the manufacturing industry in various countries, one can see that, for the size of the Brazilian market, the capacity of our capital goods industry is too large. In other countries where identical situations exist, the capital goods sector is a net exporter of equipment. This rule will also have to prevail in the coming years in Brazil, as a solution for the excess production capacity.

In closing this exposition on the government's economic policy, I want to express my satisfaction with the fact that the Brazilian society is openly and freely exercising its right to debate the orientation of our economy.

The government has no intention of having the last word in this debate. The government only feels that it can in good conscience give an account of its actions to the Brazilian society. With absolute peace of mind, I would like to close this talk with you, gentlemen, noting that in the 3 years of the Figueiredo government, despite the crisis that pervades the world economy, Brazil has managed to meet the greatest challenges to the growth of nations today.

The government succeeded in sparing the country from being strangled by its external accounts, and it is now operating with a surplus--a small surplus but a surplus (\$600 million)--on the trade balance; it won the battle of agricultural production and is bringing about a substantial income redistribution. It has done all that without losing sight of the paramount objective: the broadening of democratic liberties for the construction of an open society.

I, therefore, believe that I can definitely say that we are in the process of building a more just, more rich and more free society. This is the future that we are inexorably going to secure through all our work.

CSO: 3001/208

BRIEFS

HOME VOTE--Justice Minister Ibrahim Abi Ackel this afternoon told Gioia Junior, Social Democratic Party, PDS, deputy for Sao Paulo, that the government will take no measures for the adoption of the at home vote [voto domiciliar] and that it is not seeking to sponsor its approval either. Concerning the electoral process, the minister reiterated that the executive branch will respect the procedure established by congress. According to Deputy Gioia Junior, the minister's statement rules out the possibility that the at home vote will be passed because congressmen do not support it. Concerning the law that will regulate the access of candidates to the mass media, the minister told Gioia Junior that such a law will be drafted with the urgency required by the electoral campaign. [Text] [PY041310 Brasilia Domestic Service in Portuguese 2200 GMT 3 Aug 82]

JOURNALISTS ACQUITTED--Brasilia--During a secret session, the Superior Military Court (STM) yesterday made a unanimous decision clearing the following journalists of charges: Gutemberg Mota da Silva, Rosangela Conrado Melo, Jose Junari Garcia de Araujo, Hugo Alfonso de Almeida Souza, Samuelito Capucino Mares and Marcio de Conceicao Dotti, all of them from Belo Horizonte. They were charged with having published a statement by the Brazilian Communist Party on 7 September 1980. On that occasion, the first four journalists were working for the Belo Horizonte branch of JORNAL DO BRASIL, and the two others for radio Itatiaia where they are still working. Justice Julio de sa Bierrenbach, who heard the case, asked for the acquittal of the journalists on the grounds that their crimes do not fall under articles 36 and 42--divulging of subversive material and incitement--of the national security law. All of the journalists had already been cleared of charges by the Juiz de Fora military court last March, but prosecutor Paulo Cesar Castro appealed the case to the STM. [Text] [PY041921 Rio de Janeiro JORNAL DO BRASIL in Portuguese 3 Aug 82 p 2]

CSO: 3001/208

SUSPECTED TERRORIST ACCUSED POLICE OF TORTURE

PA072317 Paris AFP in Spanish 1852 GMT 7 Aug 82

[Text] San Jose, 7 Aug (AFP)--Investigations into a terrorist attack that took place here last month, in which three Nicaraguan diplomats were implicated, took a new turn when the main suspect, German Pinzon, a Colombian, retracted before the press the incriminatory statements that he had made to police.

Pinzon, 24, who was arrested and charged with having placed a bomb that destroyed the offices of the Honduran Air Services, Incorporated, SAHSA, in downtown San Jose on 3 July, claimed to be innocent after having admitted his guilt to the police.

On the basis of Pinzon's statements, the three Nicaraguan diplomats implicated in the attack were expelled from the country, which led the Managua government to take similar action against Costa Rican diplomats, thus causing a deterioration in relations between the two countries.

The Colombian youth said that he had been tortured physically and psychologically and pressured into making these statements. He said that while he was being interrogated, he was told that he would be killed or his wife raped unless he admitted his responsibility for the attack.

Pinzon was presented to the press yesterday by decision of Justice Minister Carlos Jose Gutierrez after his parents sent a telegram to President Luis Alberto Monge asking for their son's release and stating that they feared for his life because they knew he had been tortured.

The minister rejected these charges, stating that they were part of an international campaign to discredit the Costa Rican Government.

Costa Rican authorities began a series of examinations yesterday to determine the possible truth of the charges of torture made by Pinzon.

The controversial personality of the Colombian youth was noted this week in a telegram sent to President Monge by Maria Elena Chassoul, former Costa Rican ambassador to Colombia during the previous administration.

Pinzon had been in asylum in the Costa Rican Embassy in Bogota when the former ambassador headed that mission. She said in her letter to the president that she had submitted reports to the Foreign Ministry stating that "Pinzon Mora has an imaginative and unreliable personality."

Maria Elena Chassoul also expressed to the president her concern over the possibility that "the only criteria used by the government as a basis for expelling the Nicaraguan diplomats from Costa Rica on 27 July were the statements of the Colombian, Pinzon Mora. [quotation marks as received].

CSO: 3010/2099

BRIEFS

VOLIO ON REFERENCE TO TIAR--San Jose, 3 Aug (ACAN-EFE)--Costa Rican Foreign Minister Fernando Volio Jimenez has said that Nicaraguan Deputy Foreign Minister Victor Hugo Tinoco has misinterpreted yesterday's Tegucigalpa resolution, for the Inter-American Reciprocal Assistance Treaty, TIAR, was not invoked in the document. Volio said that the statement by Tinoco reported by ACAN-EFE was based on a press dispatch that Tinoco misinterpreted, since the reference to TIAR was made in relation to the peaceful solution of international conflicts "when normal diplomatic procedures fail." Volio added that such normal procedures "are the very ones I am now employing and will continue to use, with the hope of finding a solution to our current differences with Nicaragua." The Costa Rican foreign minister recalled that President Luis Alberto Monge has repeatedly said the same thing. He added that this kind of statement, "contrary to the point of view expressed by Tinoco, who said that it is warmongering, is typically peaceful, as it should be, coming from a country like Costa Rica, which has no army." [Text] [PA052143 Panama City ACAN in Spanish 0135 GMT 4 Aug 82]

NICARAGUAN PROTESTS STATEMENT--Managua--The Nicaraguan Government today sent a strong protest to the Costa Rican Government because of statements recently made in San Jose by an anti-Sandinist leader regarding an attack against a town in northwestern Nicaragua near the Honduran border. Costa Rican ambassador to Nicaragua Jesus Manuel Fernandez Morales was summoned to the Foreign Ministry in Managua to receive the message from the Sandinist Government. The protest states that Jose Francisco Cardenal, former vice president of the Nicaraguan State Council and current leader of the Nicaraguan democratic force--a clandestine organization--made statements at a Costa Rican hotel taking credit for the massacre in San Francisco Del Norte, where 15 members of the militia were killed, 3 wounded and 8 kidnapped and taken to Honduran territory. [Text] [PA050512 San Jose Radio Reloj in Spanish 0100 GMT 5 Aug 82]

NEW SPANISH AMBASSADOR--San Jose, 3 Aug (ACAN-EFE)--Spanish ambassador to Costa Rica Manual de Aguilar will return to Spain on 12 August after 4 years of serving in this post. The new ambassador, Gonzalo Fernandez de Cordova, is slated to arrive in Costa Rica on 20 August. [PA080020 Panama City ACAN in Spanish 0033 GMT 4 Aug 82 PA]

CSO: 3010/2099

NONALIGNED PRESIDENCY MAY BE EXTENDED

PA081605 Paris AFP in Spanish 0435 GMT 7 Aug 82

[Report by Pierre Cayrol]

[Text] Havana, 6 Aug (AFP)--Reliable sources reported here today that Cuban head of state Fidel Castro personally promoted the nonaligned foreign ministers meeting that is to take place in Havana on 21 August to select a capital to replace Baghdad as the host of the upcoming nonaligned summit meeting.

As president of the nonaligned movement, Castro sent a personal message this week to the leader of member-states, in which, according to the sources, he sought to convoke the meeting.

During the 1979 summit in Havana, the nonaligned chose Baghdad as the host of the seventh conference, setting 6 September as its date. Now however, as a result of the war between Iraq and Iran, many heads of state have noted that it would be difficult to hold the meeting in Baghdad for security reasons. The problem was privately discussed for months, but no one mentioned it publicly, hoping that Baghdad and Tehran would resolve their problems before the date for the conference.

"Informal contacts" were made during the coordination bureau's latest ministerial meeting, which took place here last Thursday, but no agreement was reached, since any decision depends, in the final analysis, upon the development of the war between Iraq and Iran, both members of the nonaligned movement.

The Iraqi delegation at the meeting insisted that Baghdad can offer guarantees, but the Iranians said just the opposite.

Many emissaries from Iraqi President Saddam Husayn have been visiting nonaligned capitals for the last few months, insisting that Baghdad represents no danger at all.

It was amid this atmosphere of uncertainty resulting from the fact that no one dared to make a decision that Fidel Castro sent his letter, to put an end, once and for all, to the confusion and to choose another capital, the sources said.

Observers in the Cuban capital have noted that Castro's letter was sent a few days before Iraqi Foreign Minister Sa'dun Hammadi, who is now in Baghdad, made a statement noting that his country will no longer insist that the conference take place there.

Does this statement mean that Baghdad has renounced its right to host the conference or that it wants it postponed? The answer to this question will be given at the 21-22 August meeting in Havana. The nonaligned foreign ministers will go to this meeting with authorization from their heads of state to choose another capital to host the meeting, the sources said.

On the basis of nonaligned movement regulations, the decision will be made by consensus. If Baghdad decides to renounce its right, New Delhi would then be the candidate to host the 8th conference, instead of the Iraqi capital. Then, in accordance with the regulations, India would be appointed to the presidency of the nonaligned movement for the following [figure indistinct] years.

Based on this line of thought, Cuba would remain the president of this organization for few additional months, while New Delhi prepares to organize the conference.

CSO: 3010/2095

'GRANMA' HAILS 26 JULY IDEOLOGICAL DRIVE

Havana GRANMA in Spanish 1 Jul 82 p 1

[Text] To recover and advance with all the resolve of Moncada! That is the strong and vibrant command under which the Cuban people, from one end of the country to the other, today begin the Ideological Drive to celebrate the 29th anniversary of the revolutionary action of 26 July, 1953.

The glorious figures of Jose Marti, Vladimir Ilich Lenin, Abel Santamaria, and Mario Munoz Monroy, a revolutionary doctor who fell during the heroic attack upon Moncada, will this year preside over the commemoration of the Day of National Rebellion.

The drive, whose main opening event will take place today at the Matanzas town of Colon, birthplace of Mario Munoz Monroy, the martyr of Moncada, will continue until next 26 July. It will be a profound testimonial of admiration and gratitude which every Cuban will pay to the memory of those fighters who joined Fidel in the first armed action against the Batista tyranny, who shed their blood to lay the victorious road that our people have been following for the last 29 years.

The legacy of courage, patriotism, and disinterest left by these men, who plunged into unequal combat by assaulting the military fortresses of Santiago de Cuba and Bayamo, so that Jose Marti might live on in the Fatherland's soul, will in coming days be a spur and a stimulus to our hard-working people, who are bent on guaranteeing a rapid recovery for those provinces affected by torrential rains in recent weeks, and on continuing to march forward, in spite of natural or other difficulties, in their development of industry, agriculture, and other branches of the national economy.

This attitude of growing in the face of difficulty, which was reflected in the frank and open dialogue between the people and Fidel during the commander in Chief's tours of the areas affected by the rains; which was expressed in the pointed remarks of our Party's First Secretary, calling for rapid and aggressive elimination of the consequences of these natural disasters; which is reaffirmed every day in the self-sacrificing labors of our laborers, peasants, and other workers, and in the revolutionary attitudes and practice of our militant youth and students, is another palpable demonstration that the seed sown at Moncada germinated in the heart and mind of every Cuban

patriot, and that the exemplary resolve of the 26th of July fighters will forever be our people's banners of struggle and victory.

Along with recovery work in the affected territories, which has been undertaken for the time being by the people and the agencies of the Revolutionary State, we should pay attention to other important activities. The drive is an appropriate occasion for encouraging work connected with our first industry, particularly the fulfillment of programs to weed the cane-fields, a task that will assure us of higher agricultural yields.

Agriculture and industry, production and services, now form the scenes of a new type of combat. Speeding up the pace of the internal port-transport-economy chain; continuing efforts to increase milk production; multiplying construction productivity; intensifying the struggle for economic efficiency in every sector and branch of the economy; stabilizing and optimizing transportation services; increasing efficiency more and more in the delivery of health services; consolidating labor discipline and both individual and collective awareness of the need for savings; insuring appropriately high administrative expectations at every level; these are some of the other tasks also associated with the "26th of July Ideological Drive."

In this context, there are likewise certain unavoidable commitments, which our people will rightly lend their special support. These are the works planned to commemorate the 29th Anniversary of the Attack on the Moncada Barracks as well as projects related to making ready for the 14th Central American and Caribbean Games to be celebrated in our Fatherland next August

This spirit of giving the maximum and working for the happiness and well-being of the Fatherland which now characterizes the Cuban people, is the same attitude which the heroic assailants of the Moncada and Carlos Manuel de Cespedes barracks planted and left as a legacy to their contemporaries and succeeding generations of Cubans.

Workers' self-denial and striving in industry, agriculture, education, public health, transportation and communications, culture, services, and all other branches of national life, come together with a parallel and necessary effort of our people to be militarily prepared for the defense of our Fatherland. Outstanding within the latter effort is the incorporation of thousands of men and women, old and young alike, to the Territorial Troop Militia.

In the heat of the Ideological Drive, our people will deepen their understanding of the epic that began a new age in our struggle for national and social liberation. The nation's popular and political organizations, the Revolutionary Armed Forces [FAR] and the Ministry of the Interior [MININT], as well as other state institutions and agencies will sponsor a variety of activities to commemorate the existing history of the preparations and developments of the actions that took place on July 26, 1953, and in memory of application of the Moncada Program, and the meaning of "History Will Absolve Me."

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CSO: 3010/1924

HAVANA PROVINCES LOCAL INDUSTRIES PRODUCTION NOTED

Havana GRANMA in Spanish 3 Jul 82 p 4

[Article by Jose M. Norniella]

[Text] The plan set for production by local industries in the two Havana provinces for the current year of 1982 approaches some 70 million pesos, according to revelations at the Convention Palace, where an exhibit has been mounted to show a partial sample of the items manufactured by said industries.

Each province has its own type of entrepreneurial organization. Concerning local industries of the City of Havana, Vicente Ardisana, head of its People's Power Department, told us that their official goal for this year is 31 million pesos, but they are working toward an actual goal of 40 million pesos.

Last year, for example, the plan for local, capital-area industries called for a 29 million peso product, but in fact they produced 37 million pesos' worth. The local industries' organization dates from 1977, and that year their total product was valued at only 13 million pesos.

But the most important thing about such local industries is their capacity to employ workers under conditions that are advantageous to the national economy. For example, the cost of creating a workplace in such shops is often insignificant, especially in the Provincial Firm for Home Industry and Private Crafts Work, which employs a good many female workers, mainly housewives, who provide their own tools. The firm provides only materials and advances, pays them for their labor, and sells their products in the state commercial network at stable and reasonable prices, in accordance with officially established price policy.

According to Ardisana, local industry employs some 10,000 workers throughout the year--3,000 of them in state-run firms' small plants, another 6,000 almost all of them housewives, work at home, and about 1,000 artisans sell their products to the firm for distribution to the public through the state commercial network.

Another important fact is that these industries are guaranteed less than a third of their supplies by the plan. The rest they negotiate for

themselves by means of efficient business management, based fundamentally on acquiring trimmings and waste from other industries devoted to mass production.

This year, as a means of beginning to respond to high demand for local industry's products, which in every case is higher than supply, Ardisana reported that development plans include the building of a smelter to treat mainly aluminum and bronze. Also, a small tannery will be built to cure sharkskins, "tilapias", etc., and to increase production of such crafts products, which find good markets as exportables.

Local industry's products are sold to the public at official prices, and widely consumed goods are sold at low prices in the local industries' network of stores. These local industries have 12 experimental municipal stores in the City of Havana. The three municipalities that do not yet have such variety stores are planning to open them during the course of this year.

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CSO: 3010/1924

MEASURES TAKEN AGAINST WHOLESALERS' PRICE MANIPULATION

Havana GRANMA in Spanish 24 Jun 82 p 3

[Article by Jose M. Norniella]

[Text] The adoption of 642 measures concerning wholesale prices, of which 375 have already been carried out, and the rest are being applied gradually, is the result of carrying out the National Program for State Inspection of Prices in 224 firms throughout the country during 1981.

Review of wholesale prices, surcharges, and commercial discounts is one of the most important tasks of the National Program for State Inspection of Prices. The program, which was begun last year, was originally conceived to create inspection of price-related matters in more than 600 firms. The plan turned out to be overly ambitious in practice, as the authorities did not have all the necessary resources or the required experience to fulfill their task in its entirety.

Nevertheless, the results were very good, because the authorities discovered serious irregularities in price handling, and they began to intercept such practices immediately with the planned measures mentioned above.

In all, correct application of prices was reviewed in 272,511 invoices, and violations were detected in almost 32,000, for a high 11 percent rate of error. The total value of these violations exceeds 48 million pesos, which one way or another affected the financial indicators of the firms involved. Of that total, almost 7 million pesos were recorded in the form of invoices for excessive prices. More than 9 million represented underpriced goods, and 37,565,000 pesos worth of merchandise were negotiated on the basis of non-official prices.

Charges for overpriced goods were recorded as earnings in 107 of the 224 firms inspected, which constitutes a violation of the principles of economic calculus, as such firms thus attributed an efficiency to themselves that did not arise from their internal administration, but rather from charging excessive prices.

All such undue income was confiscated immediately by price inspectors and turned over to the national budget.

Inspection brought to light evidence of serious deficiencies in the issuance of invoices, such as omission of product codes or failure to report them accurately, inadequate product descriptions, omission of the unit of measure, invoices made out in pencil, unnumbered invoices, arithmetical errors (in addition, multiplication, and totals), illegible copies, etc.

As can be seen, these invoicing defects arise from superficiality, carelessness, lack of concern, and failure to doublecheck figures on this commercial document, which is so important to the proper functioning of billing and payment relations between firms. All such defects are of a subjective nature; that is, they are due to problems of poor organization and failure of the firms' middle-level economic management to be sufficiently demanding. There is no reason for such errors to continue to exist.

Of the provinces, Ciego de Avila (the only one to complete 100 percent of the inspection plan), Camaguey, and Pinar del Rio, performed the best inspections and came closest to completing the plan, and their reports were the highest in quality. The poorest job was done by the city of Havana and Las Tunas, completing less than 5 percent of the plan; and Guantanamo, Granma, and the Isle of Youth, which completed 10 percent; Santiago de Cuba, 14 percent, and Holguin, 23 percent.

Eight import and central wholesale firms were inspected, and 4,684 violations were found out of the 36,000 invoices reviewed. These violations represented undue charges totalling almost 41 million pesos, of which 5 million were for excessive charges, 8 million for underpriced invoices, and 27,587,000 pesos' worth of goods were marketed at non-official prices.

Of this group of eight firms appearing in the report by the State Price Committee, the case of CUBAMETALES [Cuban Enterprise for the Import Metals], a MINCEX [Ministry of Foreign Trade] firm, stands out. Here, price violations were found totalling almost 24 million pesos; 3.5 million in excessive charges; 2 million in underpricing, and 18.2 million pesos' worth of goods marketed at non-official prices.

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CSO: 3010/1924

BRIEFS

ODECABE CONGRESS--The members of the credentials and finance committees were designated yesterday during the first session of the Congress of the Central American and Caribbean Sports Organization [ODECABE]. Today the finance committee will render its report to a plenary session. The Dominican Republic will report today to the congress on the next Central American and Caribbean games which will be hosted by the city of Santiago de Los Caballeros in 1986. At the conclusion of yesterday's first session, the delegates visited the Central American villa to inspect the athletes' accommodations. Subsequently, they went to the Plaza de la Revolucion and deposited a floral wreath at the foot of the Jose Marti Monument. Later in the day, a meeting was held at the main offices of the Cuban Olympic Committee during which its president, Manuel Gonzalez Guerra, solicited the support of those present in obtaining for Cuba the designation of host nation of the Panamerican Games in 1991. [Text] [FL051215 Havana Domestic Service in Spanish 1105 GMT 5 Aug 82]

PUERTO RICAN TRAVEL BAN--The yankee imperialists have often tried to portray the ill-conceived associated free state formula imposed on Puerto Rico as a positive thing. By means of this formula they have curtailed Puerto Rico's sovereignty and independence after seizing the island by force 84 years ago. A new example shows how far the Puerto Rican nation is from being a free state. Washington, which has enrolled many Puerto Ricans by force in its army for wars of aggression, forbids tourists from that brother country from attending the most important regional games [Central American and Caribbean Games] and at the same time was directly responsible for the island not being able to host them because, according to the San Juan authorities, it could not afford it. The U.S. Government's insulting decision caused justified indignation among the Puerto Rican population. A group of Puerto Rican tourists has arrived in Cuba to attend the games, defying the orders of the arrogant empire, risking possible reprisals, showing that no matter how much tyranny and oppression, the rebellion of a people cannot be diminished nor can the desire and passion to live and act as free human beings be silenced. The yankee measures is no surprise. It is another in a long series of actions by the "turbulent and brutal north that despises us," a marti maxim which the people of our America understand better each day. [Text] [FL061911 Havana Domestic Service in Spanish 1700 GMT 6 Aug 82]

AMBASSADORIAL APPOINTMENTS--Havana City--Cuba's Council of State has designated Comrade Fernando Flores Ibarra ambassador extraordinary and plenipotentiary of the Republic of Cuba to the Kingdom of Sweden and the Republic of Iceland with residence in Stockholm. [Text] [FL061324 Havana Domestic Service in Spanish 1226 GMT 6 Aug 82]

'ARAFAT CONGRATULATED--The AALAPSO executive secretariat has sent a message congratulating PLO leader Yasir 'Arafat for his heroic stand against the Israeli invaders and expressing once again its total support in these trying times. During a ceremony held at the PLO Embassy in Cuba, (Imad Ja'ad), PLO charge d'affaires, expressed his gratitude for AALAPSO's fine gesture and said that Palestinian combatants are well aware of Fidel's efforts as chairman of the nonaligned movement to deliver food and medicine to the besieged residents of Beirut. [FL071542 Havana Domestic Television Service in Spanish 0000 GMT 7 Aug 82 FL]

SUGARWORKERS' DAY CELEBRATION--Havana Domestic Service in Spanish at 2300 GMT on 6 August 1982 carries a relay from Villa Clara Province by (Evelio Cruz) who delivers a report on the sugarworkers' day ceremony held this afternoon in the Sagua La Grande Municipality in Villa Clara Province. The announcer adds that during the ceremony Luis Martell Rosas, member of the Cuban Communist Party [PCC] Central Committee and secretary general of the Sugarworkers Union, informed sugarworkers that the (Jesus Suarez Gallo) medal has been awarded to Commander Fidel Castro Ruz in view of his "valuable contribution" to the development of the national sugarcane industry. The announcer notes that the sugarworkers' day ceremony, which was presided over by alternate Politburo members Roberto Viega and Armando Acosta Cordero, was held in the Sagua La Grande Municipality because of the area's "notable" achievements in the recent sugarcane harvest. Moreover, he notes that awards were issued to sugarworkers who excelled in their work during the recent harvest. The announcer adds that Roberto Viega, alternate Politburo member and CTC [Central Organization of Cuban Trade Unions] secretary general, delivered a speech during the ceremony. In a recorded excerpt of this speech, Roberto Viega is heard offering "hearty congratulations" to Villa Clara and Sagua La Grande sugarworkers, in particular, for their achievements. The announcer adds that also attending the sugarworkers' day ceremony were Raul Rodriguez Lopez, alternate member of the PCC Central Committee and first secretary in Villa Clara, as well as other PCC Central Committee members, leaders of the sugarworkers union, and CTC members. [FL070135 Editorial Report]

CSO: 3010/2095

COUNTRY SECTION

DOMINICA

BRIEFS

FAO DIRECTOR VISITS DOMINICA--Roseau, Dominica, 7 Aug (CANA)--Director general of the Fao, Edouard Saouma today ended a one-day official visit here, announcing plans to provide major assistance to Dominica. He held discussions with Dominica Prime Minister Augenia Charles and Minister of Agriculture Heskieth Alexander, on ways in which the FAO "could be of greater assistance to the island." "This is a project of half a million U.S. dollars for three years to deal with one of the most vital and crucial subjects for Dominica, how to conserve its soil, how to prevent floods, how to develop agriculture on the hilly areas," he added. The FAO director general also disclosed that 60,000 dollars (U.S.) had been approved for Dominica to assist in the construction of feeder roads and in the rehabilitation of the propagation centre here destroyed recently by heavy rains. [FL091410 Bridgetown CANA in English 2224 GMT 7 Aug 82 FL]

CSO: 3020/160

BRIEFS

ARMED FORCES DENY KIDNAPPING--In a communique issued today by the Armed Forces Press Committee, COPREFA, the armed forces deplore the kidnapping of 11 persons, among them industrialist Mauricio Cuellar and his daughter Patty (Patricia) which was denounced by Msgr Arturo Rivera y Damas, apostolic administrator of San Salvador, in his Sunday sermon yesterday. The communique says 'This accusation does not conform to the armed forces' efforts in the search for those persons, when it tries to link the government and the armed forces to violations of human rights.' "The armed forces are not responsible for the kidnapping of these persons and report that they have widened the search in an effort to clear up the situation in which the government and the armed forces are supposedly involved in the violation of human rights, after the U.S. President Ronald Reagan affirmed to the U.S. Congress that the human rights situation had substantially improved during the past 6 months in El Salvador." [Excerpt] [PA040428 San Salvador EL MUNDO in Spanish 2 Aug 82 p 1]

CSO: 3010/2093

BRIEFS

MEDIA WORKERS PROTEST BAN--The Media Workers Association of Free Grenada [MWAFG] has expressed solidarity with the announcers at Radio St Vincent who were banned by the Milton Cato government from traveling to Grenada for the current Caribbean netball championship. In a statement the MWAFG said it views the action of the St Vincentian government as a serious blow to the regional integration movement and to the aspirations of Caribbean people to learn more from each other. It said: As an organization committed to the practice of free, democratic and principled journalism, the banning action can only be deemed as a suppression of the rights of the Vincentian announcers to function effectively. The MWAFG also said that the ban amounts to an insult, not only to Grenadians but to all Caribbean people. The association called on the Vincentian government to completely demonstrate its all-out support for Caribbean integration by permitting the announcers to fulfill their responsibilities. [Text] [FL070030 St Georges Domestic Service in English 2330 GMT 6 Aug 82]

FAO DIRECTOR'S VISIT--FAO director General Edouard Saouma arrived in Grenada today on the third leg of a visit to the Caribbean and Latin America. This afternoon Mr Saouma officially opened the new facility of the (Mardi Gras) soil and water conservation project. While in Grenada he will hold discussions with Prime Minister Maurice Bishop and Agriculture Minister Brother George Louison on ways in which the FAO can be of assistance to this country. Mr Saouma leaves the country tomorrow. [FL070100 St Georges Domestic Service in English 2330 GMT 5 Aug 82 FL]

FAO DIRECTOR PLEDGES AID--The FAO has pledged to continue placing priority on assistance to Grenada in the area of soil and water conservation. FAO position was outlined today by its director general, Edouard Saouma, at a news conference in St Georges. Mr Saouma, who left Grenada earlier this afternoon after a 1-day visit, said he was satisfied with the work of the FAO-assisted soil and water conservation projects at (Mardi Gras). The FAO director general also said the organization will give Grenada more assistance for (?plant) and food multiplication and for the setting up of nurseries (?for tree plants). [Excerpt] [ST Georges Domestic Service in English 2330 GMT 6 Aug 82 FL]

SATELLITE GROUND STATION--St Georges, 6 Aug (AFP)--Grenada will install a satellite groundstation to receive Soviet radio and television programs. This topic was discussed during Grenadian Prime Minister Maurice Bishop's recent visit to Moscow, Radio Free Grenada reported. The Grenadian prime minister said that "This will make it possible to break imperialism's cultural yoke on Grenada" and to receive news "from progressive and socialist programs different from the garbage from the United States that we must now watch." Meanwhile, the Grenadian radio station noted that the Soviet Union has donated steel equipment and farming material valued at \$4 million and that it signed an agreement to purchase cacao, nutmeg and bananas from Grenada at fixed prices over a 5-year period. These trade agreements with the USSR will permit Grenada to diversify its trade relations and to develop new markets, Bishop said. During his trip to Moscow, Bishop also obtained a line of credit for \$7.5 million, payable in 10 years at an interest rate of 3 percent and with a grace period of 3 years. This credit will permit the construction of the satellite groundstation and will help to finance studies on the possible construction of a port on the island's eastern coast. [Text] [PA091826 Paris AFP in Spanish 0240 GMT 7 Aug 82]

CSO: 5500/2319

COMMENTATOR SEES CONSPIRACY BEHIND OFFICIAL'S ESCAPE

PA080319 Guatemala City Cadena de Emisoras Unidas in Spanish 1230 GMT
7 Aug 82

[Station commentary: "Is There Perhaps an Odessa-Type Organization in Our Country?"]

[Text] The recent escape of inmate Julio Abelino Marroquin Escobar, known in political and analytical circles as El Garrote [the truncheon] has made many observers think--judging from the opinions voiced to this newscast--about the very real possibility that some Odessa-type organization may exist here in Guatemala to facilitate the escape of those implicated most seriously in Lucas Garcia's rapacious, corrupt and criminal administration.

What is Odessa? According to a best seller, which was later made into a film, Odessa is the acronym for a perfectly structured organization with ramifications at all levels, including the Vatican. Its function was, and perhaps still is, to facilitate the escape of and to provide protection for Nazi war criminals, obtaining for them passports, airline tickets, false identity papers, lodgings, economic aid, etc., so they could avoid their responsibilities as perpetrators of crimes against mankind.

It would seem that some Odessa-type organization is also operating here, in view of the series of escapes--each more inexplicable than the last--by several of the most notorious sharks of the previous regime, which is guilty of unprecedented corruption and crimes that clamor to the heavens.

(Donaldo), [presumably former government minister Donaldo Alvarez Ruiz], the main culprit in and executor of the horrible nightmare that our people lived through for many years, took off in very timely fashion shortly before the 23 March coup. He was followed (?12 days later) by his deputy, (Juan de Dios Reyes Gali). Then, despite the hugeness of his fat body, the ineffable Valentin Solorzano vanished, carrying with him his honorable curriculum of administrative corruption. Julio Abelino Marroquin Escobar's brother was fraudulently released from jail, and then he vanished. The scandalous escape of the lawyer known as El Garrote is not the only case that should be investigated in detail; so should that entire mafia that seems very active facilitating the escape of crooks and operating like the Nazi's Odessa while mocking the cleanup efforts of General Rios Montt's regime.

CSO: 3010/2094

BRIEFS

CREDIT FROM TAIWAN--The Bank of Guatemala and the Taiwanese Embassy have announced the granting of a \$5-million credit line that will enable Guatemala businessmen to buy products in Taiwan. The credit line is at a 7-percent annual interest rate, with a 2-year grace period after which the principal will be paid semiannually for 7 years. [PA080001 Guatemala City DIARIO DE CENTRO AMERICA in Spanish 19 Jul 82 p 5 PA]

NEW RADIO NACIONAL TRANSMITTER--Colonel Edgar Leonel Ortega Rivas, Guatemalan minister of communications and public works, has inaugurated a new FM transmitter for TGW Radio Nacional, to serve Totonicapa, Quezaltenango, San Marcos, Suchitepequez and El Peten listeners. The transmitter is located in the Cerro Alux jurisdiction by San Lucas Sacatepeque. It is a 5-kw transmitter with a 16-ring FM antennal and 15-kw electric energy plant. [Guatemala City DIARIO DE CENTRO AMERICA in Spanish 19 Jul 82 p 5 PA]

MEXICAN INITIATIVE ON FALKLANDS--Guatemalan Foreign Minister Eduardo Castillo Arriola said today that the Guatemalan Government supports the Mexican proposal that British-Argentine negotiations on the Malvinas be carried out under UN auspices. Castillo Arriola also expressed confidence that this problem, denounced by Latin America, can be solved in this way. Here is his statement in regard to Argentina's renewed request for support: [begin Castillo Arriola recording] Guatemala supports the Mexican proposal at the United Nations, which also has the support of all Latin American countries. Mexico has proposed that this subject be included on the agenda for the next UN General Assembly, which is the 37th period of regular UN sessions. Guatemala has supported the Mexican initiative and would gladly have co-sponsored it, because we believe that this problem can be solved under UN auspices. [end recording] [Text] [PA041839 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 3 Aug 82]

CSO: 3010/2094

OFFICIALS SAY NICARAGUA PROTECTING TERRORISTS

San Pedro Sula LA PRENSA in Spanish 8 Jul 82 p 5

[Text] Tegucigalpa--Investigating authorities of Honduras believe that Nicaragua's Government has turned into a true protector of Honduran extremist elements.

They added that the majority of Hondurans who have participated either directly or indirectly in the subversive acts recorded in the country during the last 2 years have found exceptional protection in Nicaragua.

Some bank robbers, airplane hijackers and kidnappers of industrialists, responsible for the construction of "terror chambers", exploding of bombs and other similar acts, after evading justice here in our country, enter Nicaragua with great ease and are given all sorts of help.

Moreover, within the state security network in the neighboring country, there is an office or department with the exclusive function of protecting "those patriots who struggle for people's liberation?.

Honduran authorities claim to have in their possession trustworthy reports to the effect that the majority of the hunted terrorists have found refuge in Nicaragua, where they enjoy many considerations that not even the Sandinists themselves enjoy.

Furthermore, the Nicaraguan Government, in more than one occasion, in both official and unofficial capacity, has refused to hand over those elements that Honduran authorities seek "for humanitarian reasons". These people are responsible for a series of robberies.

At any rate, Honduran authorities insist that a group of people who have disappeared, for whom even public demonstrations have been staged in order to demand their release from the authorities, are "living like kings in Nicaragua".

According to news sources of LA PRENSA, many of these "disappeared persons" or "persons captured by the authorities" frequently receive visits from their families and close friends here in Honduras.

They noted in this instance that the young woman Hilda Rosa Lopez Castro, former student of journalism at the National University, who was renting a house in Colonia Matamoros where the police found a "terror chamber", was able to elude authorities and find refuge in Nicaragua. A former bank employee, a computer technician who took part in the installation of the communication system in the room where the industrialist Jacques Casanova was held, is very comfortable in Nicaragua.

To conclude, the authorities reported that it is quite possible that Sandra Regina Aguilar Nunez, who has been linked with the kidnapping of the industrialist, is already in Nicaragua.

On the other hand, it has been reported that many Hondurans who have traveled to Nicaragua have been informed that somewhere in that country groups of young Honduran guerrillas are being trained and among them are those who have been classified as "disappeared" here in this country.

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CSO: 3010/1939

NEW UNAH RECTOR RAMOS SOTO MAKES STATEMENTS

San Pedro Sula LA PRENSA in Spanish 7 Jul 82 p 32

[Article by Javier Gabino Villalobos]

[Text] Mr Oswaldo Ramos Soto was inaugurated yesterday as the new rector of the National Autonomous University of Honduras (UNAH) for a period of 3 years, replacing Dr Juan Almendares Bonilla. The title was conferred on him by Mr Enrique Flores Valeriano, vice rector and until yesterday acting rector of the UNAH, after administering the oath of office, in which the new rector pledged to fulfill his obligations to the basic principles, the regulations and the constitution of the UNAH.

The opening rites of the ceremony, which was simple but full of significance to the life of the Alma Mater, was performed by Valeriano himself, who gave a brief characterization of the new rector, after which Mr Angel A Mejia, UNAH's secretary, read the minutes, placing emphasis on the university faculty's final vote which elected Oswaldo Ramos Soto as rector.

"We have confidence in Ramos Soto's competence and as regards his statement that he will carry out his duties without any political sectarianism, searching always for technical, scientific and academic progress for this house of learning where our lives have been shaped", said Flores Valeriano.

In the presence of a multitude of sympathizers, followers, friends and special guests at the offices of the University Council, Oswaldo Ramos Soto, former dean of the Law School and former president of the Honduras Association of Lawyers, gave an important speech in which he established the policy he will follow as head of the University administration.

Oswaldo Ramos Soto, who became university rector after 12 years of leftist government, stated that "during our administration we must change our university and work together with the republic's central government because this learning center is nothing but an extension of the former".

He repeated that "during our administration there will be freedom of ideas, freedom in the lecture room and freedom of thought, but we will demand responsibility and the fulfillment of obligations.

"Those who fulfill the requirements already mentioned should not worry because they will keep their jobs, but those who do not should get ready to leave and look for new horizons."

After emphasizing that during the university new administrative period, the autonomy for which so many people have struggled, worked and sacrificed will be honored, Ramos Soto affirmed that there will be three fundamental features in his administration: teaching, academic change and scientific change.

In conclusion he stressed that he will give his full support to the government of Dr Roberto Suazo Cordova and also that his first concern will be to build more university campuses so that education can reach all sectors of the country, since a university without extensions is not actually a university.

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CSO: 3010/1939

FUSEP COMMANDER ANNOUNCES CHANGES IN ARMED FORCES

San Pedro Sula LA PRENSA in Spanish 25 Jun 82 p 2

[Text] Tegucigalpa--A new reorganization at all levels of the Honduran Armed Forces, to be carried out within the next 5 months, was announced yesterday by Col Daniel Bali Castillo, commander of the Public Security Force (FUSEP).

The military chief said to LA PRENSA that at the present time the high military command is involved with the constant planning of those changes so that they can implement them probably early in 1983.

"When we talk of reorganization we must think of it as the removal of all cadres, from the highest officers to those of lower rank or subordinates", stressed FUSEP's commander.

He repeated that at the present time the relations between the Honduran Armed Forces and the government presided over by Dr Roberto Suazo Cordova are harmonious, inasmuch as not more than ever the military men identify completely with the leaders because there should be only a single endeavor in this democratic regime.

He immediately discounted any possibility of a future coup d'etat, inasmuch as this government is doing its job well and is the product of the democratic will of the Honduran people.

"I want to insist that our country must now give up the idea that there might be a coup d'etat within the next few years, because we believe that in spite of all the economic and social problems that we are going through, we can solve them in the best way possible by means of the popular vote", he added.

Col Bali Castillo maintained that FUSEP's purpose is that of defense and of maintaining order and security in the country and that at all times they will support the government if movements arise that are directed towards causing chaos or destabilizing the government.

"Because this is a democratic government, within the framework of the law, I believe we are ready to carry out the orders given by the high military command in order to maintain order within the country", he said.

The Armed Forces Infiltrated?

In the opinion of Col Bali Castillo, the Honduran Armed Forces could be infiltrated by certain leftist elements that seek to provoke chaos in the country and wreck the constitutional government. He stated that the leftist elements try to infiltrate all organizations and for that reason there no doubt could be infiltrators in the army, but officially there is no definite proof of this.

War to the Death on the Narcotics Traffic

In relation to the work being done to combat the narcotics traffic in the country, Col Bali Castillo said that the military authorities are determined to put an end to this harmful activity to the extent of their capabilities.

He added immediately that he is now receiving more support from the Supreme Court of Justice (CSJ), so that the authorized judges may bring all the weight of the law to bear on those actually responsible for this illicit activity, which has caused problems for the country.

"Now we combine our efforts: the police in the pursuit and capture of the drug dealers, and the courts, through the judges in giving these persons the punishment they deserve", he maintained.

In relation to the activities directed toward continuing the elimination of subversive groups, Bali Castillo said that the police corps are dedicated to the detection of small cells of extremists and that all the previous successes of the police do not indicate that the work is finished.

"We hope that as they have done up to now, the people will keep on collaborating with the police to completely eliminate those subversive groups", he said.

In concluding, FUSEP's commander said that it is completely false that elements of the Honduran Army collaborated with their counterparts in El Salvador to perpetrate a massacre at the border. We cannot do that, because we respect treaties and we cannot meddle in other countries' affairs. This accusation is a very sensitive speculation", he concluded.

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CSO: 3010/1939

GOVERNMENT SENDS NOTE TO UN COUNCIL ON NICARAGUAN ATTACKS

PA051850 Tegucigalpa Domestic Service in Spanish 1130 GMT 5 Aug 82

[Press communique]

[Text] On behalf of the Honduran Government, Foreign Secretary Edgardo Paz Barnica has addressed the UN Security Council in New York and the OAS Permanent Council in Washington D.C. to reiterate the initiative for peace in Central America and the pacifist and democratic spirit of the government of President Roberto Suazo Cordova and to make an objective analysis of the Nicaraguan Government's attitude towards our country. Here is the text of the foreign secretariat note:

Official letter No 565. Tegucigalpa, 2 August 1982.

Mr President:

I have the honor to address Your Excellency to inform you and through you to inform the distinguished members of the Security Council regarding the attacks against Honduran property and territory as well as the threats of greater aggressions against Honduras by authorities and military troops under the responsibility of the Nicaraguan Government last month. These hostile acts seriously worry our people and government and could endanger international peace and security.

The constitutional and democratic Honduran Government which is the result of free and honest elections and which carries out a foreign policy based on the principles of nonintervention, mutual respect and genuine international cooperation as well as on the support of the principle of the self-determination of peoples, cannot but regret these unfortunate incidents at the same time that it firmly rejects the rash accusations which have been made in bad faith against Honduran authorities by Nicaraguan Government officials. The Honduran Government expresses its full belief that peace in Central America and the Caribbean can be effectively maintained if the governments of the area and of other regions fulfill those principles and if there is a stop to the campaigns of deliberate misinformation and of preparations for war which worsen the current climate of regional tension.

During July 1982 there have been domestic disturbances and incidents of various kinds and intensity in Nicaragua which it is not our place to assess except to warn the Nicaraguan Government that it is deeply mistaken to use the problems that it might have with its people as a pretext to justify its arms buildup against the Honduran Government and people.

Likewise, it is regrettable that high-ranking Nicaraguan Government officials are increasingly using an extremely offensive language against top Honduran authorities, incriminating them without any justification in domestic events in Nicaragua. We cannot accept such an attitude because it is obviously contrary to the climate of understanding and respect that should prevail in international relations.

In July 1982, the Honduran Government and people suffered the following aggressive actions with foreign inspiration or participation:

3 July: [word indistinct] attack on the offices of the Honduran Air Services, SAHSA, company in San Jose, Costa Rica. The Costa Rican police arrested several of those responsible for the attack, including Nicaraguan diplomat German Altamirano who was subsequently expelled from Costa Rica.

4 July: Dynamite attack on electric power installations near Tegucigalpa which miraculously caused no deaths among the thousands of people who live nearby.

15 July: Threats to justify intervention in Honduras were voiced by Commander Daniel Ortega Saavedra, coordinator of the Nicaraguan National Reconstruction Junta, which told news agency correspondents in Madrid that the Nicaraguan authorities support the antigovernment Honduran guerrillas and that we reserve, he said, the right to stage a number of actions against this country.

15 July: The Honduran Government sends a protest to the Nicaraguan Government regarding the artillery fire that its army directed against the Honduran towns of La Guaruma and El Alto in Concepcion de Maria Municipality, Choluteca Department, on 14 July and in which five Honduran peasants were seriously wounded.

16 July: The Honduran Government sends a protest to the Nicaraguan Government regarding the seizure of the Honduran fishing boat (Bonsoir) and its more than 30 member crew in Honduran jurisdictional waters on 15 July.

17 July: The Honduran Government sends a protest to the Nicaraguan Government regarding the constant flights of Nicaraguan military helicopters over the communities of Arenales and Sabana Redonda in Paraiso Department in open violation of the Honduran airspace.

20 July: The Honduran Government protests to the Nicaraguan Government that on that date, armed patrols of the Sandinist army entered Honduran territory in La Ceiba, Choluteca Department. They were intercepted by Honduran army troops and there was an exchange of gunfire for more than 15 minutes until the patrols withdrew.

Honduras has maintained a neutral position in the domestic struggles which some area countries are experiencing. By respecting others, we only demand that we be respected. The arms buildup in Nicaragua and its rulers' desire to promote subversive actions of systematic violence in other countries are not good omens for peace in Central America and the Caribbean.

However, our country wants to again reiterate its pacifist spirit and its desire to conclude with all the other governments of the region responsible agreements that will end the tension and mistrust and that will permit our peoples to achieve the economic and social development that they justly desire. In this respect, we reiterate the points in the peace proposal for Central America which as Honduran foreign secretary, I presented to the OAS Permanent Council on 23 March 1982 and which was made known to the members of the UN Security Council in Document No 14,919.

On the basis of our initiative, various consultations have already taken place among the Central American governments. Of these, we want to stress those dealing with Nicaragua. They are the visit of foreign minister Miguel d'Escoto to Tegucigalpa on 21 April, the meeting of the Honduran armed forces and Nicaraguan army's staff members in La Fraternidad on 20 May and the meeting of the commanders of the two countries' naval forces in Corinto on 9 July.

In summary, the points of Honduras' proposal to internationalize peace in Central America the merits of which the members of the organization can objectively judge and which Nicaragua unfortunately does not want to accept are:

1. An end to the arms buildup and reduction of military personnel.
2. Objective reduction of military and other kinds of foreign advisers.
3. Mechanisms for international supervision and vigilance of sensitive areas. Honduras has already stated its willingness to submit itself to this.
4. Measures to stop the arms traffic in the region.
5. Respect for the delimited and demarcated borders and the traditional lines of jurisdiction of the states of the region.
6. Permanent multilateral dialogue that will also permit in the domestic area, the promotion of political understandings that will lead to the achievement of a democratic and pluralistic system that will guarantee the respect of public freedoms and the people's right to freely express their will.

Requesting that this note be distributed as an official document of the security council, I take advantage of this opportunity to express my highest and most distinguished regards.

[Signed] Edgardo Paz Barnica, foreign secretary.

CSO: 3010/2098

EDITORIAL SCORES NICARAGUAN INTERNATIONAL MARXISM

PA051723 Tegucigalpa LA TRIBUNA in Spanish 29 Jul 82 p 5

[Editorial: "War Drums in Nicaragua"]

[Text] In various speeches the president of the republic and top military leaders have stressed the increased aggressiveness of international Marxism against Honduras. This forces the people, government and armed forces to assume more energetic attitudes, and even to accept the challenge of war launched by a Soviet puppet regime. This conclusion was broached on Saturday, 24 July, during the ceremonies honoring the 28th anniversary of the creation of the 1st Infantry Battalion.

It might be said that in this way our country is disavowing its policy of internationalizing peace. This is not the case, however. Honduras must continue to enthusiastically promote peaceful coexistence, as it always has, especially among the sister nations of the American continent, and especially in the Central American area which now so convulsed by undemocratic armed movements. There comes a time when some countries' unbridled warmongering attitude cannot be answered with just an olive branch. Such an attitude demands the imperative determination to go to war in defense of peace.

We Hondurans are faithful to the tradition of nonintervention in the affairs of other nations. This should be reason enough for us to be treated with equal respect. In recent times, we have proclaimed to the world--as a guarantee of our determination to avoid armed conflicts in Central America--the advisability of a reasonable disarmament according to each nation's needs to defend its sovereignty, the advisability of limiting the number of foreign military advisers and of other aspects which might lead to establish a balance of power.

Gratuitous enemies of Honduras have not only remained indifferent to these proposals which prove our peaceful nature, but have unleashed an intense worldwide propaganda campaign depicting us as the aggressor country. They claim that we protect certain foreigners so that they can harass their country's government. These and other lies could be cleared by a mission of international observers along the border and in other strategic areas. Our government has also made these proposals, but those who must have something to hide have not accepted them.

Although we would rather not refer directly to anyone, the Nicaraguan Marxist regime has taken upon itself the task of revealing its intentions regarding Honduras. In the OAS and UN files there are detailed accounts of the Sandinist army's continuous provocations against the Honduran people, of the armed attacks against defenseless towns, in short, of violations against our land, air and maritime spaces.

Meanwhile, international press agencies are reporting the warlike dialectics of Nicaraguan Marxism. They range from saying that all Central American countries will be dominated by the Sandinist revolution, through the arms traffic and terrorist acts, to repeating most recent verbal attacks by Commander Ortega announcing "a series of actions" against Honduras, and statements by ambivalent Foreign Minister d'Escoto, accusing the commander in chief of our armed forces of being a U.S. instrument to regionalize war in Central America.

It is therefore, very evident that the Marxist apparatus in Nicaragua is the source of discontent in Central America. It is the center of violent subversion, the center of threats against and dangers to the democratic system. It is not what Fidel Castro claims when he argues that the Sandinists are arming themselves to their teeth because they know they will be invaded by the armies of Honduras, El Salvador and Guatemala. Costa Rica is not included in this imaginary offensive alliance for the time being, although this is no obstacle to the Nicaraguan regime also making Costa Rica the target of territorial violations.

As we understand it, there is nothing extraordinary in what the president of the republic and other top army officials have said regarding the threatening actions of the neighbor government. They could have saved those statements, since it is well understood that the whole nation is ready to pay any price to guarantee the invulnerability of its sovereignty. Yet, it was necessary to say so with a greater emphasis in order for the potential or manifest enemy not to be fooled by our pacifism.

Nicaraguan war drums have served no purpose except to keep up the smoke signals here which call for solidarity and vigilance. This is not really to mount an aggression beyond our borders, but to exercise the most natural and essential of rights: the right to self-defense, the right to repel attacks against peace, democracy and freedom and, finally, the sacred right to the survival of our people.

CSO: 3010/2090

BRIEFS

NEW AMBASSADORS' CREDENTIALS--The new ambassadors of Costa Rica, Brazil and Egypt, Dr Diego Lopez Garrigo, Joao Cabral de Melo and (Hassan Waih safwat), respectively, presented their credentials to President Dr Roberto Suazo Cordova on 29 July. [PA080024 San Pedro Sula TIEMPO in Spanish 30 Jul 82 p 3 PA]

AMBASSADORS TO JAPAN, PANAMA--The Honduran Foreign Ministry has confirmed the appointment of Jorge Flefil as Honduras' new ambassador to Japan and of Dr Ernesto Argueta as ambassador to Panama. [Tegucigalpa PA TRIBUNE in Spanish 3 Aug 82 p 2 PA]

DEBT INTEREST PAYMENT--More than 200 million lempiras in interest on loans made to the country will be paid by the Government of Honduras during the present year, reported the minister of finance and public credit, Arturo Corleto Moreira. He added that the interest on the credits for the enterprises of the public sector alone adds up to 80 million lempiras, while the interest on the central government loans adds up to more than 100 million lempiras. Corleto Moreira said that these amounts comprise the total foreign debt of Honduras which is around 2 billion lempiras, an amount smaller than those of other countries in the region. "Honduras still has capacity for borrowing, because this is measured in terms of national income and the volume of exports; nevertheless we should be very selective in acquiring more debts", he said. He stated that during the last few days the government has continued to underwrite loans but that it has not reached the extremes of other countries, which at this moment do not even have money to pay the interest on their foreign debt. [Text] [Tegucigalpa LA TRIBUNA in Spanish 21 Jun 82 p 47] 9907

CSO: 3010/1939

ACP SECRETARY GENERAL COMMENTS ON EEC RELATIONS

FL061840 Bridgetown CANA in English 1745 GMT 6 Aug 82

[Report by Paget Defreitas]

[Text] Kingston, Jamaica, 6 Aug (CANA)--African, Caribbean and Pacific (ACP) countries with their ambitions largely unfulfilled after two Lome conventions, must come up with new ideas to strengthen their positions when negotiations begin next year with the European Economic Community (EEC) for a new accord, a leading ACP official has said here.

In a speech yesterday, ACP secretary-general Thomas Okelo-Odongo said it was no secret that many within the 63-member ACP grouping questioned the level of benefits derived from their links with the 10-nation EEC in the Lome and trade accord.

The reasons for the questioning were stark when some of the statistics were reviewed, the ACP-secretary general said, noting that in 1975, the trade deficit of ACP states was two billion European units of account. By 1980, the figure had risen to five million.

In addition, the ACP secretary-general said that between 1980 and 1981 the ACP share of the EEC market had dropped from seven to five percent and it would be difficult, he added, to pinpoint the impact the industrial cooperation programme was having on the ACP.

"It (the statistical information) would seem to indicate that instead of progressing, the ACP countries are going backwards," Mr Okelo-Odongo said.

The ACP secretary-general said that despite the apparent weaknesses in the ACP-EEC relationship, it was important that cooperation continued between the two blocs.

The ACP has practical reasons to continue the relationship: they need the technology and the markets of western Europe, he pointed out, adding:

"In considering the 1983 negotiations, ACP capitals should look at cooperation in trade, industry and agriculture and see how these may be improved."

The current Lome II accord is due to expire in 1985. Some ACP states have already stated their preference of a more permanent accord to govern their relationship with the EEC, instead of the current five years pacts.

GAVIN CHARGED WITH PROMOTING AGGRESSIVE U. S. POLICY

Unhappiness Over Foreign Policy

Mexico City EXCELSIOR in Spanish 29 Jun 82 pp 1-A, 8-A

["Private Network" column, by Manuel Buendia]

[Text] Relations between Mexico and the United States have deteriorated during recent weeks, past their usual limits. It would seem that Ambassador Gavin has been acting under instructions to pressure future Mexican President Miguel de la Madrid to abandon the foreign policy line established by Lopez Portillo, particularly insofar as concerns Central America and the Caribbean.

Another objective of U. S. pressures is to obligate Mexico to provide more openings and even greater advantages for U. S. investments in this country.

Such action on the part of John Gavin would seem to negate the assessments that have been made of his presumed incompetence for the post and would position him as one of the most aggressive ambassadors in recent times as well as one of the most effective in furthering the interests of his own government.

A high Mexical official, specializing in international trade negotiations, told "Private Network": "There can be no doubt that the commercial pressure by the Americans is a response to Mexico's foreign policy."

A Mexican leader of private enterprise, for his part, tells of the following occurrences:

On 7 May, Ambassador Gavin tried to have all the presidents of business organizations--financial, industrial and commercial--meet at his home, but Messrs Pandal of CONCAMIN [Confederation of Industrial Chambers], Barragan of CANACINTRA [National Association of the Processing Industry], and Herrera, then president of the bankers association, did not attend. These three probably feared that Gavin would try to involve them in an action contrary to the Mexican government.

According to our informant, Ambassador Gavin told the business leaders that unless Mexico changes its international policy toward Central America, they should not expect favorable trade agreements with the United States.

The next day, after his presence had been awaited for almost 1 year, Ambassador Gavin made his appearance at the American Chamber of Commerce in our city, and there he set forth an impressive list of problems that confront the relations between our two countries.

On 19 May, lawyer Ernesto Rubio del Cueto, president of the Mexico-United States Chamber of Commerce and former president of CONCAMIN, replied sarcastically to Gavin, telling him that an ambassador who has been in the country for more than 1 year should have been able to also set forth possible solutions and not merely recite a long list of problems.

When Gavin spoke before the American Chamber, he also laid down a clearly divergent view from that of President Jose Lopez Portillo, according to some newspapers. On that day, in fact, an anniversary of FOMEX [Fund for the Promotion of Exports of Manufactured Products], which is the Mexican government's financial institution designed to back exports, was being celebrated. As part of that celebration, the President of the Republic spoke, explaining the Mexican policy on exports...and Ambassador Gavin, only a few hours before, had given his rundown of U. S. barriers to our foreign trade.

In a document dated 13 May, Mr Alfredo Gutierrez Kirchner, Mexico's commercial representative in Washington, (as well as son-in-law of Antonio Ortiz Mena, president of the IBD), accused the United States of invoking "an offensive law"--the 1979 law on commercial agreements--against Mexico and of treating Mexico, as compared with other countries such as India and Pakistan "in an inverse manner to its geographical proximity and friendship."

Mexico's trade representative in Washington said frankly that the Department of Commerce there is conducting an "unfair and illegal" treatment of Mexico. He used adjectives such as "cunning" and "incomprehensible" to describe the conduct of the U. S. secretary of commerce.

The business leader we interviewed told us it is coming to the point where the United States will ruin one of its principal clients in the world, with which it does \$20 billion of trade a year.

"It is we, with tariff measures covering 83 percent of the catalog, who are favoring exports from the United States to Mexico," said this businessman. "As the private sector, we are saying to them: 'You are compelling us to no longer be your clients. If you cannot reciprocate, the ones you will be ruining are yourselves as merchants.'"

The Mexican businessman said, however, that consideration of the vast complications of the law on trade agreements notwithstanding, it is abundantly clear that the current commercial pressure being exerted on Mexico stems from the fact that "Basically, the United States is concerned over Lopez Portillo's policy in the Caribbean and Central America," and is trying to warn Miguel de la Madrid he cannot expect to follow the same line for long without facing even more serious trade and financial imbalances in the very first months of his forthcoming administration.

The same businessman said that another objective of the pressures, which are being backed by a goodly number of Mexican industrialists and trade leaders, is to compel Mexico to be much more liberal toward U. S. investments and to forget that they mean greater dependence. The supposed advantage they are offering at this time is that of supplying the cash flow needs of many Mexican enterprises and easing the constraints on international credit that are being imposed on our country.

Foreign Relations Secretary Jorge Castaneda replied in the following terms, on 23 June, to a question on whether there are problems with the United States:

"Of course, the answer is categorically affirmative. Yes, there are problems. There have been, there still are, and probably there will continue to be. This is a very difficult relationship for a number of reasons: Historical, geographical, divergent respective development lines, different societal structures, etc. Our relations have always been difficult.

"(...). There are problems of an economic order. Above all, insofar as trade is concerned, there are a number of very grave and difficult problems (...). We believe we are in the right and that, sometimes, the lack of agreement stems from an unjustified attitude on the part of the United States. We tell them publicly and privately with all frankness what in our view is the attitude with which each of those problems should be addressed.

"(...). Relations between Mexico and the United States in the economic sphere are difficult. We must face this fact frankly. We cannot play dumb and say that our relations are excellent and that there are no problems. It would be an extremely grave error on the part of Mexico to adopt that attitude."

Another secretary of state commented later that although it is clearly not yet in the best interests of the United States to contribute to an alteration of domestic peace in Mexico, it is evident that Washington has two aims at this time: On the one hand, that the result of the elections be put to question from various angles; and on the other hand, that lawyer De la Madrid be made fully aware that the application of these pressures is exactly the kind of welcome our neighbor to the north is preparing for him.

On 19 October 1981 and on 7 June of this year, Miguel de la Madrid eulogized Mexico's foreign policy and committed himself explicitly to continuing the fundamental policy lines of Jose Lopez Portillo.

Notwithstanding which, however, last Sunday, in his concluding speech of the campaign, De la Madrid made not a single reference to foreign policy, despite the fact that the purpose of the speech was to "sum up the ideas, the issues and the policies" that had already been defined during the campaign "in the dialogue with the majority classes."

Opening for Investors Sought

Mexico City EXCELSIOR in Spanish 30 Jun 82 pp 1-A, 20-A

["Private Network" column, by Manuel Buendia]

[Text] A law of 1979, which had already been the beginning of U. S. commercial hostilities against Mexico, is being extended now into the political terrain as an instrument of pressure on future Mexican President Miguel de la Madrid.

Yesterday we stated in this column that the fundamental objective of that strategy--which is being implemented effectively by Ambassador Gavin--is to warn De la Madrid he must abandon Lopez Portillo's foreign policy line, especially with respect to Central America and the Caribbean. An additional aim is to force a much wider opening and better safeguards for American investments in Mexico.

With a few notable exceptions, Washington's strategy is being supported by conservative Mexican leaders, Polkist converts 1982-1988 model. The activity of these Polkist businessmen has consisted in part of conditioning their support of Miguel de la Madrid upon his prior acceptance of certain commitments.

The candidate has refused to enter into alliances that are dear to the businessmen and that would enable them to mediatize governmental action during the next 6 years. Instead, De la Madrid referred last Sunday to an alliance solely "with the peasants, the laborers and the people's middle classes."

In yesterday's column, we referred to a document signed by Alfredo Gutierrez Kirchner, a Mexican government official and commercial attache with our Embassy in Washington. Gutierrez Kirchner is the son-in-law of Antonio Ortiz Mena, president of the IDB.

That document makes use of strong adjectives to characterize the current U. S. government's trade policy and provides a technical analysis of the significance of the 1979 law on trade agreements, which initiated a policy of economic pressure on Mexico to enter the GATT... or expect consequences.

AGK [Alfredo Gutierrez Kirchner] states that as far back as March 1980 Mexico had affirmed "the incompatibility" of the GATT with our growth plans "for a poor economy," and considers arbitrary the current "penalizing of those countries that decide not to join" the GATT.

In effect, says AGK, "The 1979 law on trade agreements marks a significant departure from the United States's traditional pattern of conduct toward Mexico in matters of trade." And he adds: "Since Mexico has of course deferred indefinitely its entry into the GATT and has not signed a bilateral agreement with the United States, it is presently one of the countries being severely discriminated against and penalized by the current American law."

According to the Mexican official, the United States accords better treatment to countries at the other end of the world than to the one with which it shares a border and which it frequently refers to as a friend. After having experienced living in Washington, AGK has this to say:

"(...) It seems absurd that the United States should, discriminatorily, be penalizing Mexican exports, which are harmless to its industry, while at the same time requiring proof of harm before imposing compensatory levies against countries far more remote not only geographically but also from the standpoint of economic interests.

"The question one asks himself is whether the U. S. policy-makers, or at least those of them who frankly favor excellent relations with Mexico, are actually aware of the enormous harm being done by the U. S. trade law in dealing discriminatorily with Mexico as regards compensatory levies without extending us the benefit of proof of harm. It is frequently being indicated to us that the favorable treatment obtained by India and Pakistan will not be accorded us, as if the special relationship with Mexico, which has been so talked about, bears an inverse relation to our geographic proximity and friendship."

Mexico's trade representative goes on to accuse the Department of Commerce of resorting to a "cunning expedient" and of engaging in incomprehensible actions in the case of the latex balloons and balls it was being sought to export from Guadalajara. In AGK's words, this is what occurred:

"In the case of the latex balloons and balls from Guadalajara, those who had previously tried unsuccessfully to remove us from preferential tariff status resorted now to the cunning expedient of requesting application of compensatory levies, thinking this would not require a showing of harm to their industry. President Reagan's current administration decided to reject this petition on the basis of the clear provision of the law, which does require a showing of harm where products free of customs duty are involved. The problem was to determine whether there existed an international obligation on the part of the United States, or whether the secretary of commerce has discretionary powers of application in these cases. From both standpoints, our lawyers presented able arguments favorable to our position in defending the decision impugned before the International Trade Tribunal .

"However, in an incomprehensible action, the Department of Justice, after studying the case for 1 year, decided not to respond to the suit, and this had the effect of an acknowledgement that the Department of Commerce had acted illegally in deciding the issue in favor of Mexico's interests. It would have been understandable if, having conducted a defense, the case had been lost in court; but an outright refusal by the American executive itself to respond to the suit leaves a taste very similar to that of the famous proceeding against the vice president of the United States, Spiro Agnew."

Mr Gutierrez Kirchner goes on further to cite other instances, such as the case of leather apparel, in which a Mr Ralph Edwards, the owner of a grain mill on the border, that failed, decided to take "revengeful action" against Mexican industrialists who had bested him in the marketplace. Of course, Mr Edwards received all the necessary protection from his government. This case enabled the Department of Commerce to take more outright action against the incentives the Mexican government offers to exporters, through its CEDIS [Tax Reimbursement Certificates], CEPPOFIS [Tax Incentive Certificates] and FOMEX [Fund for the Promotion of Exports of Manufactured Products].

According to Gutierrez Kirchner, the United States is seeking to impose on us its own economic philosophy and, to accomplish this, is invoking a treatment that "truly seems unfair and illegal."

The document adds this comment:

"The final thought that needs expounding is that the 1979 law on trade agreements has opened a Pandora's box of short-sighted protectionist interests arrayed against Mexico. Fortunately, a correct interpretation of historic reality tells us that, as occurred in the 1979 tomato controversy, the view favorable to a sound relationship with Mexico is the prevalent one in the United States. We are already a \$20-billion a year market for U. S. products and the only country with that level of trade that bears a serious inequality in its bilateral trade balance--almost \$5 billion. If the United States wants the interchange to continue growing, it should facilitate us access to its market without demanding reciprocity, which is not being demanded of developing countries with large trade deficits. Mexico wants a sound relationship with its neighbor and friend. History has taught us to resolve many problems within the framework of our diverse philosophies. We will live and survive this new challenge..."

9238
CSO: 3010/1919

BRIEFS

NON-PRODUCING LANDS IN DURANGO--Durango, Dgo, 30 Jun --The highest official of the LCA [League of Farming Communities], Jose Macias Sandoval, said that in this province there are 1.5 million non-producing hectares and a similar number of semiproductive ones, under the communally oriented system. To resolve this problem, he said, a census must be carried out to extricate common lands, then turn these lands over to commoners who are certain to work them. He said the Secretariat of the Agrarian Reform is opposed to actualizing this census, despite the fact that it is provided for in Article 8 of the Agrarian Law. The peasant leader explained that the available land in Durango's communal subdivisions is mostly forested areas; next in descending order of availability comes grazing land; and finally farmland. [By special correspondent Jose A. Salazar] [Text] [Mexico City EXCELSIOR in Spanish 1 Jul 82 p 34-A] 9238

CSO: 3010/1919

LETTER TO UN CALLS FOR SUMMIT WITH HONDURAS

PA050117 Managua EL NUEVO DIARIO in Spanish 29 Jul 82 pp 1, 8

[Text of letter given by Jorge Canda, charge d'affaires of the Nicaraguan mission to the United Nations, to the president of the UN Security Council on 28 July]

[Text] I have the honor of communicating to Your Excellency and to the Security Council the serious concern of the people and government of Nicaragua over a series of painful and dangerous incidents that are directly and indirectly promoted by the U.S. Government and that threaten Nicaragua's sovereignty and could lead to a generalized conflagration in Central America.

On 27 July the Sandinist Air Force intercepted two airplanes, a Navajo and a Commander, equipped with rocket launchers and bombs, headed for the country's only petroleum refinery. When pursued, one of the airplanes went into Honduran airspace, while the other one headed for the coast and then took a course toward the Gulf of Fonseca.

On 24 July in a barbaric action more than 100 Somozist guardsmen armed with modern rifles and supported with 40- and 60-mm mortar fire attacked the population of rural San Francisco Del Norte, located in the northwestern department of Chinandega, 12 km from the border with Honduras. They left 14 dead, 8 kidnapped and 4 wounded.

On 22 July Nicaraguan authorities announced the breaking up of a counter-revolutionary plan aimed at taking over several towns. This resulted in the death of 74 counterrevolutionaries and 25 members of our army. It is worth pointing out that the attackers were organized almost like a regular army and carried sophisticated arms, which indicates a network of international support.

On 20 July Honduran armed forces units attacked the border post at La Ceiba, department of Chinandega, with rifle fire.

On 19 July there was an attempted air attack on the fuel depots at the port of Corinto. If they had attained their criminal objectives, the attack would have resulted in a massacre of incalculable dimensions. According to witnesses, the airplane that carried out this action came from Honduran territory and returned there afterward.

This serious renewal of counterrevolutionary activity could not take place without the ever-increasing support and collaboration that some sectors of the Honduran Army are openly giving to counterrevolutionary groups.

Neither can such aggression not be linked to the U.S. Government decision to undertake military maneuvers in collaboration with the Honduran Army--such maneuvers are aimed at "reinforcing defenses on the border with Nicaragua," according to a Honduran official. And neither can such aggression be separated from the use of the Honduran Army by the United States to step up intervention in the Salvadoran conflict.

These actions aimed at causing a war between Honduras and Nicaragua to justify greater and more direct intervention against the peoples of Nicaragua and El Salvador will be met by our government with renewed efforts to preserve peace and stability in the area and to guarantee an atmosphere favorable to a negotiated political solution of regional problems. We again appeal to the government of Honduras for the holding of the meeting we agreed on between our two countries' armed chiefs of staff as a first and essential measure for avoiding a further and unnecessary deterioration of relations between the two countries. We also propose an urgent meeting of the heads of state to consider the situation.

We likewise urge the government of the United States to accept negotiations with Nicaragua within the spirit of the Mexican proposal and without any preconditions.

Central American peace demands this.

In requesting Your Excellency to circulate this letter as an official document of the U.N. Security Council, I take this opportunity to reiterate my consideration and esteem. [no signature published]

CSO: 3010/2101

CLANDESTINE RADIO CARRIES RED CROSS COMMUNIQUE

PA081313 (Clandestine) Voice of Sandino in Spanish to Nicaragua 0000 GMT
8 Aug 82

[Text] We have received a copy of a communique, an explanatory note issued by the directors of the Nicaraguan Red Cross on the campaign of slander and harassment unleashed by the nine commanders against that institution. Our Managua correspondents have sent the text of this document to the heart of these Nicaraguan mountains so that our people can learn of the real situation affecting the Nicaraguan Red Cross. The text of the document, sent to the Red Cross societies league and to the International Red Cross Committee, is as follows:

In compliance with our duties, we hereby officially report to the Red Cross societies league and the International Red Cross Committee on the events that took place as a result of the election of the new national council on 30 July, which culminated in the occupation of our institution that same afternoon by a group of its employees and by other individuals who are not a part of the organization. We sent the following report, dated 31 July, to the junta of the Government of National Reconstruction, giving our account of the events and requesting their immediate attention:

In accordance with Nicaraguan Red Cross statutes, the members of this institution met at our central office, located in the Del Monte District, at 1400 yesterday to hold a general assembly, in accordance with a previously drafted agenda; members of both local and departmental affiliates attended.

The meeting followed the order established in the agenda.

The council president first addressed the assembly, including a detailed report in his statement on donations that were received as a result of the recent emergency and on how they were distributed. This report is the very [words indistinct] of the Red Cross societies league [name indistinct] charged with supervising that distribution.

Before the elections began, individuals who were not a part of our institution displayed posters inside the premises where the assembly was being held questioning Mr Ismael Reyes' trip in Miami during the previous week. Despite the fact

that these people had no right to participate in the assembly, Mr Ismael Reyes replied that on instructions from the Red Cross Societies League, the Nicaraguan Red Cross had obtained 3,000 cots and 20,500 diapers and was negotiating for a donation to the institution of 800,000 cordovas.

On hearing this announcement, the assembly broke into applause, demonstrating its support for the president and rejecting the unfortunate intervention by the uninvited individuals, who decided to leave the premises.

Later, the secretary and the treasurer submitted their reports to the National Council on activities of the past year.

During its discussion of the agenda point dealing with the election of the new council, the council called for the nomination of candidates, but only Mr Ismael Reyes was proposed. In view of the lack of another candidate, the assembly expressed its decision in favor of Mister Reyes by acclamation; nevertheless, the council insisted that secret ballots be cast. The result was 85 votes for Reyes and 3 blank slips, which were declared null.

While this was going on, individuals who had no part in the assembly stood outside shouting insults, though without disturbing the election process. After the election, other people with no business there jumped over the walls of the Red Cross premises. The officials called for police protection, but help was late in coming and the intruders were able to break into the building, where they intimidated the institution's employees, going so far as to beat several of them. They also tried to break into the International Red Cross Committee's offices, but were held at bay by some of the institution's employees.

This report and our warning about the serious consequences of the occupation of the institution were submitted to Dr Rodrigo Reyes, minister-secretary of the secretariat of the junta, following a visit to the presidential palace on the morning of 31 July by the national council president and two vice presidents, who wished to submit the report on the situation to the junta and to request assistance in evicting the people who had occupied our offices. The report, however, was not received by Dr Reyes on that Saturday afternoon because he was absent; instead, it was delivered to his office early on the morning of Monday, 2 August.

On Monday night the council sent a telegram to the governing junta urging a reply, as the president of the Red Cross Societies League had phoned from Honduras to ask if the council had received a response from the government junta.

As of the time that this report is being filed, no answer has yet been received to our messages and the institution remains under occupation. We have been informed that our affiliate in Matagalpa was also occupied on Monday night and that other similar actions may be taken at other affiliates in the country if the national council and the general director do not resign.

Today, Tuesday, at approximately 1000, Red Cross employees, dissatisfied with the state of affairs, reoccupied the building and evicted the individuals who were causing trouble. At noon, however, hordes from mass organizations, armed with sticks and rocks, took over the installations, beating and wounding several people.

Should this situation continue, an interruption of the regular services offered to the people--ambulance service, blood donations, assistance to flood victims, etc.--is possible. In addition, the institution's regular programs will be seriously affected by the absence of administrative personnel and certain programs of limited duration will remain uncompleted.

As the council has no access to its offices, it cannot take responsibility for actions over which it has no control or for the safety of the goods in stock in our warehouses, most of which are donations from international organizations.

In view of all of this, we urge the league's regional delegate to take the necessary measures.

[Signed] The National Council of the Nicaraguan Red Cross.

CSO: 3010/2100

FOREIGN MINISTER CRITICIZES U.S. POLICY

LD071924 Warsaw Domestic Service in Polish 1700 GMT 7 Aug 82

[Interview with Miguel d'Escoto Brockman, Nicaraguan foreign minister and leader of a nonaligned foreign ministers committee delegation visiting Poland, to unidentified radio and television reporters on 7 August--recorded; answers in Spanish with superimposed Polish translation]

[Text] [Question] Your Excellency, what can you say about the current general international political situation.

[Answer] In my opinion the world political situation is very dangerous, mainly in view of the militant, irresponsible and adventurist stance adopted by the American administration, which thinks it can alter the course of history by intimidating people who have [word indistinct]. It is my view that as a result of Mr Reagan's international policy the world is in an even more perilous position than it was a few years ago. In my opinion we have not had such a bad situation since World War II.

[Question] Can you agree with the view that the foreign policy of Reagan is a policy [words indistinct]?

[Answer] Yes, it is a policy of confrontation. Moreover, it can be observed that Reagan seems to pay little or no heed to international opinion or even to the opinion of his own citizens in the United States. It does not seem to bother him that the United States is completely isolated in the United Nations as a result of the stubborn and unlimited support it has given to the policy of genocide pursued by Israel, which is entirely dependent on and inseparable from the United States. He takes no account of public opinion in Latin America as proved by the decision to support Great Britain in its colonialist [word indistinct] against Argentina. He seems to hold the view that we in Latin America have no dignity at all and that the United States, by money or offers of future assistance, can solve all problems; that it can buy us, and if we are not for sale, that we will be intimidated into acting as the United States wants us to act.

[Question] How does Nicaragua react to the policy of the Washington administration?

[Answer] It so happens that among the Latin American countries Nicaragua is the main [word indistinct] of the U.S. Government, the Reagan administration. It is being said that Nicaragua constitutes a danger to U.S. national security. This is an [word indistinct] assertion. Nicaragua has fewer [words indistinct] than the smallest borough of New York, of which, as we know, there are five. Thus this smallest borough has more inhabitants than the whole of Nicaragua. The problem consists of the fact that traditionally, especially since the Cuban revolution, Latin America was convinced that no other country could undermine the control exercised by the United States over individual governments, over political, economic and social development. The United States would simply not allow it. It is exactly the small Nicaragua that has proved that thanks to patriotism, love for the homeland, it is possible to oppose even the United States.

[Words indistinct] creates a dangerous precedent and bad example for other countries, since they began to ask themselves the question: If Nicaragua could do it why can we not do likewise?

[Question] Could you tell us something about the efforts of the nonaligned countries for the peaceful development of international relations in general?

[Answer] Today I am in Warsaw heading the delegation of the ministerial committee of the nonaligned countries set up in Nicosia a few weeks ago. [words indistinct] agreement and solidarity on the Palestinian question in connection with the Israeli invasion of Lebanon.

I believe the nonaligned movement, the nonaligned countries, play a very important role in international policy. They contribute greatly to neutralizing dangers and threats created for the world by the irresponsibility of the United States. I would like our movement to continue this so that it could become stronger still and oppose more successfully the policy of the United States.

Together [words indistinct] of the countries of the world, which have been traditionally exploited, and therefore has no chance to develop, form a mighty group which I hope will continue to expand as it has done so far.

[Question] Finally, what can you say about the development of relations between Poland and Nicaragua?

[Answer] We have very special sentiments for Poland, for the Polish nation and the Polish Government. We admire your achievements and we bow to the pertinacity by which the Polish Government, in conjunction with the community, is attempting to overcome Poland's current difficulties and sufferings.

We understand what is happening in Poland, since as Nicaraguans we know well from our own experience what the imperialist policy of [word indistinct] consists of. That is why I can say that I am very pleased with my Polish visit. I am delighted to head the ministerial committee of the nonaligned countries dealing with the Palestine question. My sojourn here allowed me to understand better the current situation and to deepen the already [word indistinct] between our two revolutionary peoples.

GOVERNMENT REJECTS U.S. AID TO PRIVATE SECTOR

FIR Official Explains Rejection

PA060340 Managua Domestic Service in Spanish 0300 GMT 4 Aug 82

[Text] The Nicaraguan Revolutionary Government is willing to discuss any cooperation that the U.S. Government may wish to offer Nicaragua as long as this cooperation is comprehensive [integral] and respects the principles of our revolutionary process: a mixed economy, political pluralism and nondiscrimination.

We will now listen to companero (Luis Cabrera), who has a report from the International Reconstruction Fund [FIR] offices:

[Begin recording] We talked to FIR deputy director Cesar Arostegui today. We thoroughly discussed the FIR press communique and the letter sent to Bernard E. Depuis, acting director of the U.S. Agency for International Development [AID] in Nicaragua, in regard to the rejection of the AID agreements for the transfer of \$5.1 million to certain private sector organizations and the Catholic Church.

The Nicaraguan Government has clearly spelled out its reasons for this rejection. It does not mean that we are rejecting all U.S. aid; rather, it is not being authorized in this case because we must take the mechanisms used for it into account.

Let us listen to companero Arostegui, who explains these reasons thoroughly and clearly:

[Arostegui] It is the policy of the Government of National Reconstruction to channel any foreign funds given our revolution through the FIR, in order to properly rationalize their use.

The FIR's attitude in this case is not a rejection of U.S. aid; it is simply that the uses to which these funds were to be put have not been authorized because they do not respond to the philosophy of the Government of National Reconstruction and to our people's needs, in terms of cooperation. Had this

kind of cooperation been authorized it would have meant the violation of the FIR's principles, in that it would be going against the political plans for a mixed economy and would violate the principle of nondiscrimination in channeling funds that are received in international solidarity. Thus, this aid that the U.S. Government would have sent through AID would violate our principle of allocating funds from abroad in a rational and nondiscriminatory way.

[Question] Companero, the message that was sent to Bernard Depuis, acting AID director in Nicaragua, is mentioned in the FIR's press release. We would like to ask you to explain the contents of the message.

[Answer] The refusal to authorize these funds was based mainly on certain principles, for, I repeat, these funds were destined exclusively for one social sector in Nicaragua, what they call the private sector--the elite of the investment plan--and the Catholic hierarchy--the Catholic Church--which would violate our principle of mixed economy, by which there can be no discrimination in the allocation of funds. Secondly, during the discussion at the U.S. Congress, when the allocation of these funds was being discussed, it was clearly stated that this allocation was not intended for purposes of cooperation with the people of Nicaragua; rather what was intended was the use of a political device to favor a sector that they described as opposing the revolutionary government. Therefore, it had a clearly marked political intention, one that the revolutionary government could not accept.

Finally, they did not follow procedures required by our nation's legislation. They negotiated directly and unilaterally with the intended beneficiaries of the donations, without taking into account--and therefore rejecting--our national sovereignty. Rather than negotiate with us on the allocation of the funds first, they negotiated directly with the private enterprises in question and with the church hierarchy, without the knowledge of the revolutionary government. We have interpreted this as an offense to our national sovereignty. We want to make it very clear that the agreements on these funds do not establish, as clearly required by Nicaraguan law, that the money had to be negotiated directly through the Central Bank. We assumed that there would be an income of \$5 million to \$10 million in foreign exchange, which, in accordance with the country's laws, had to be negotiated through the Central Bank. The agreement does not establish this. Therefore, it would be a violation of the country's military laws and could lead to a possible violation of civil law. As a result, we could not authorize an operation that would violate the law, not only the general law but penal laws as well, which could even involve penal and corporal punishment. [as heard] we must say again that this is not a rejection.

In the note sent to Mr Depuis, acting director of AID in Nicaragua, he is clearly told that the revolutionary government is willing to talk about any cooperation that the U.S. Government is interested in giving the Nicaraguan people, as long as this cooperation is honest and as long as it respects the principles of the revolutionary political process--mixed economy, political pluralism and nondiscrimination.

[Question] Does the letter mention the various economic attacks on Nicaragua by the current U.S. Government?

[Answer] We know that U.S. and Nicaraguan government representatives, top AID officials and even U.S. Embassy officials are aware of the fact that Nicaragua has been subject to direct economic attacks by the Reagan administration. The list of examples of this kind of economic attack contained in the press communique issued by FIR is clear. These are specific situations that clearly demonstrate the Reagan administration's economic attacks on the Nicaraguan people.

We mentioned this subject briefly. They are aware of this and probably have a more detailed report than our own. Therefore, we did not offer a description; rather, we issued this communique as an example, so that our people can be aware of the Reagan administration's attacks on the Nicaraguan people.

[Question] Will the Nicaraguan Government maintain its position on assistance and aid from other countries?

[Answer] Yes, the revolutionary government is maintaining its attitude or policy on the cooperation and funds received from other countries. This policy is being maintained in accordance with the revolutionary political process, with the people's needs, with the priorities established by our authorities in carrying the revolutionary process forward. We will not authorize any type of cooperation, regardless of its origin or composition, that does not follow these guidelines of mixed economy, political pluralism, and benefit for the people. The revolutionary government has taken serious steps that clearly show that we do not discriminate in allocating either our own resources or those received from abroad. We are taking great care to distribute the few resources that we have in an equitable way. The private sector has received help and will continue to receive help as long as their economic, social and political behavior conforms to the revolution's objectives.

We have not changed our policy. We have simply stressed that any cooperation must conform to the priorities and policies of the revolutionary process. Our plan is no secret; on the contrary, it is clear and truthful and thus has nothing to hide.

[Question] Consequently, any aid must be channeled through the FIR?

[Answer] Yes, and naturally, all related transactions must also be channeled through the FIR. The FIR coordinates this cooperation and ensures that it complies with the principles of the Sandinist people's revolution.

Socialist Party Backs Government

PA050528 Managua Radio Sandino Network in Spanish 1200 GMT 4 Aug 82

[Text] The government's decision not to authorize the entry of the \$5 million--51 million cordobas--that the Reagan administration granted to the Higher Council of Private Enterprise, COSEP, and the Catholic Church is seen by the Nicaraguan Socialist Party as evidence that Nicaragua is exercising its sovereignty.

Luis Sanchez Sancho, Nicaraguan Socialist Party secretary general, added that the U.S. Government's decision to finance and strengthen the economic positions of the bourgeois reactionary forces and the most backward sectors of the Catholic Church hierarchy is another link in the chain of U.S. aggressions and of insolent imperialist intervention in the internal affairs of the Nicaraguan people and government.

Sanchez Sancho said that the U.S. Government has tried to go over the heads of all the legal and institutional mechanism of our country, particularly the international fund for reconstruction. This has prompted the Nicaraguan Revolutionary Government not to authorize the entry of these funds, which are not intended to solve the country's main problems but only to feed certain groups committed to U.S. interventionist policy in Nicaragua and Central America, Sanchez Sancho said. The decision is just and right, Sanchez Sancho concluded.

CSO: 3010/2102

D'ESCOTO TAKING PART IN NONALIGNED MISSION

Arrives in Poland

PA062152 Madrid EFE in Spanish 1015 GMT 6 Aug 82

[Text] Warsaw, 6 Aug (EFE)--Nicaraguan Foreign Minister Miguel d'Escoto is in Poland at the head of a committee of nonaligned foreign ministers, the Polish press reports today. The visit, which began yesterday, is for the purpose of informing Poland, a UN Security Council member, of the nonaligned countries' stand on the Palestinian issue following Israel's aggression in Lebanon.

The committee will also talk with Polish authorities about the nonaligned countries' opinion of the measures that should be adopted to curb that aggression, to overcome its effects and to acknowledge the Palestinian people's rights.

D'Escoto ended a 3-day visit to Moscow yesterday. While there, he and the rest of his delegation met with Nikolay Tikhonov, chairman of the USSR Council of Ministers.

The Soviet Union and the nonaligned countries' committee voiced identical views on the Lebanon situation.

D'Escoto Makes Statement

PA090245 Havana International Service in Spanish 0000 GMT 9 Aug 82

[Text] In an interview granted to the PRFNSA LATINA News Agency, Nicaraguan Foreign Minister Miguel d'Escoto said that U.S. policy is trying to turn the Honduran regime into the Israel of Latin America. D'Escoto is in Warsaw, capital of Poland, heading a nonaligned countries mission that is seeking a solution to the serious crisis created by the Israeli invasion of Lebanon.

D'Escoto added that the policy of the current U.S. Government has never been as arrogant and harsh as in the case of Lebanon although, he said this is related to its actions in other areas. As an example, the Nicaraguan

foreign minister cited the cases of the U.S. support for Great Britain during the invasion of the Malvinas Islands and its aid to the criminal Salvadoran junta as well as Washington's attitude toward Angola, Mozambique, Libya, Grenada, Cuba and Nicaragua.

He also said that in his opinion the time has come for Latin America to have its own regional organization. In this regard, he said that a meeting of Latin American presidents would be timely in view of the current situation.

CSO: 3010/2097

BRIEFS

PAPER ON U.S. SUBMARINE--Within its increasingly aggressive and shameless policy of constant contempt for the sovereignty of peoples, the U.S. administration is now using a nuclear submarine in its intimidating actions in the region, particularly against Nicaragua. Thus, the Reagan administration's insane attitude is once again evident, for the "Ohio" submarine has crossed the Panama Canal so that it can participate in the joint U.S.-Honduran maneuvers. What could be the objective of placing a submarine equipped with nuclear warheads in an area close to our country or of using it to invade our territorial waters? Isn't this new kind of provocation dangerous, not only to Nicaragua and the region but to the entire world? And yet the imperialists and their chorus of subservient hired assassins continue to repeat: "Nicaragua has no cause for alarm or reason to arm itself." [Text] [PA060325 Managua EL NUEVO DIARIO in Spanish 1 Aug 82 pp 1, 7]

MESSAGE TO HONDURAS--The People's State Council delivered a statement this afternoon to a representative at the Honduran Embassy in Nicaragua. The State Council's Foreign Policy Commission, led by State Council secretary Guillermo Mejia, delivered the statement to (Julio Garcia), a Honduran Embassy representative. In it, the State Council condemns the attacks by counterrevolutionary units based in Honduras and the support that they receive from the Reagan administration. Mejia said the following about the statement: [Begin Mejia recording] This particular statement is addressed to the chairman of the Honduran congress. We want to make the Honduran congressmen aware of our concerns and of the need for us to join efforts, so that the two countries' legislatures can do everything that is humanly possible to end the current escalation of attacks on Nicaragua, which is taking on unusual (?proportions) and which may create a very difficult situation throughout Central America. [end recording] [Text] [PA070405 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 6 Aug 82]

COMMAND TIGERINO ON THREATS--The presence of U.S. soldiers in Honduras, the Somozist forces that operate in that country and the Honduran Army constitute at this time as never before a serious threat of invasion against Nicaragua. This charge was made in Mexico City by Sandinist Commander Doris Tigerino shortly before returning to Nicaragua after attending a meeting of the coordinating committee of the continental women's front against intervention.

Referring to the high degree of organization and armament of the Somozist groups in Honduras, she said this shows that in the middle of an economic crisis only someone with resources can give them that aid, and that someone is U.S. imperialism. Doris Tijerino stressed that in the face of the invasion threats, Nicaragua maintains a policy of peace and has invited the Honduran Government to hold a dialogue, but that at the same time the Sandinist Government has the obligation to prepare to defend the country because this is its moral and political duty to the people. [Text] [PA090214 Havana International Service in Spanish 0000 GMT 9 Aug 82]

FRS COMMUNIQUE DENIES CLASH--To the free peoples of the world: Commander Eden Pastora dissolved the Sandino Revolutionary Front [FRS] on Sunday, 25 July 1982. The national guard, meanwhile, is still an armed organization in the northern mountains. In its regular newscast this morning, Costa Rica's Radio Monumental announced that Commander Pastora's troops had attacked through Los Chiles, on the border between Costa Rica and Nicaragua. With the authorization of former members of the FRS political committee, knowing that our movement (?has been dissolved), and loyally carrying out an order from Commander Pastora, we must deny this [word indistinct] report, since the FRS has no armed men in Nicaragua, Costa Rica or anywhere else. We believe this type of information compromises the Costa Rican Government's foreign policy; thus the provisions it has adopted in this connection. [Signed] Information Committee of Commander Eden Pastora's friends and followers. [Text] [PA072311 (Clandestine) Voice of Sandino in Spanish 0000 GMT 7 Aug 82]

INDIANS DENOUNCE RUSSIAN PRESENCE--Over 15,000 Atlantic coast Indians, who are political refugees in several camps in Honduras, have denounced new massacres. Several of them were interviewed, so that we can learn about the sorrows afflicting all Nicaraguans. "When asked about the destruction of entire communities by the repressive army, one of them answered: They burned the villages of (Cuajul) and (Mosala). Our brothers have had to leave many other towns, with machetes in hand, to go to the mountains, for fear that the Sandinist (?militias) would kill them." On the subject of the people's heroic struggle against communist repression, they denounced the presence of Cuban and Russian mercenaries and commented on the Atlantic coast Indians' resistance, saying that "some of the Sandinists were not Nicaraguan" and that "Cubans and Russians" were in control of the people in the area. In turn, the people have been responding to the Sandinists' sieges and repression with whatever weapons are available. According to one of the people interviewed, "this is happening in other towns as well. This is becoming a warlike confrontation." The Atlantic coast refugees in Honduras have also charged that the Cubans' interference in Nicaragua's domestic affairs is obvious, for Cubans, Russians and other leftist groups are providing military advice in an effort to further consolidate the Sandinists' power. [PA060127 (Clandestine) Radio 15 September in Spanish to Nicaragua 0230 GMT 5 Aug 82]

BREAK WITH ISRAEL CRITICIZED--No nation in the world can agree that the Israelis be allowed to massacre the Palestinian people. Historically they are entitled to a place in the world which is the area they are claiming just as the Israelis got themselves a settlement in the Middle East in 1948, the Palestinian struggle has been equally long and heroic. There is no nation in the world that approves of genocide. The incidents in Beirut are shocking to all those who believe in peace and the people's self-determination. Nevertheless, we do not believe that Nicaragua must align itself so submissively with the internationalist plans of its bloc. With our fatherland's announcement of break in diplomatic relations with Israel, we not only see an alignment but a lack of maturity in diplomatic relations. In breaking diplomatic ties, the nine commanders are closing a door to dialogue and good understanding so that Israel will not continue its devastating struggle against the Palestinian people. There is no doubt that in breaking relations the nine commanders are aligning themselves with the Stalinist international bloc which preferred to close the doors to a possible [word indistinct]. Where did the order to break relations with Israel come from? Was it from Moscow or Havana? The nine commanders continue to keep our country in hot water. [Excerpts] [PA072013 (Clandestine) Voice of Sandino in Spanish to Nicaragua 0000 GMT 7 Aug 82]

CSO: 3010/2100

COMMENTARY SAYS SHULTZ 'AN UNKNOWN FACTOR'

PY162215 Asuncion HOY in Spanish 15 Jul 82 p 11

[Bernardo Neri Farina commentary: "Shultz, An Unknown Factor for South America"]

[Text] The wounds caused by the South Atlantic conflict will take some time to heal. A wide gap has been opened in the Western world, a gap that will not be overcome by mere words but through slow but decided actions striving to establish a new order on the bases of specific and positive deeds.

The U.S. attitude during this conflict--it is not for us to say whether this attitude was proper or not--has been the cause of great concern among Latin American countries which lost important political support during a critical period one of the nations of this hemisphere was experiencing. This is why the appointment of George Shultz as the new U.S. Secretary of State, who has already been confirmed by the U.S. Senate Foreign Relations Committee, is generating great expectations. In an unprecedented fashion that contrasts greatly with the series of hearings held for Alexander Haig's appointment, the U.S. Senate has approved Shultz nomination. The critical international situation forced the U.S. Government to proceed in an expeditious manner so as to grant representativity to its foreign policy.

However, there was one issue that caught the attention of even some U.S. senators. During the questioning, Shultz established his position on international issues, such as the Caribbean and central American, but he did not mention South America.

Therefore, future U.S. policy regarding South America is still an unknown factor.

Although the lifting of economic sanctions against Argentina implies an improvement in the tight relations recently experienced between the United States and South America, there are still many points that must be explained, such as U.S.-South American political relations, commitments that have been assumed, the validity of the OAS and other fundamental issues.

Therefore, although there is an urgent need to have a secretary of state, the U.S. Senate left South America on tenter hooks about what Shultz thinks of U.S. policy regarding Latin America. Only time will tell, but for now we will have to wait.

CSO: 3010/2073

EDITORIAL CALLS FOR 'MOVEMENT TOWARD FULL DEMOCRACY'

PY212159 Asuncion ABC COLOR in Spanish 18 Jul 82 p 10

[Editorial: "Democracy, A Task For All"]

[Text] Now that 4 of the 5 years of the current administration's term in office are over, with the elections for the executive and legislative branches only 7 months away, one could at least expect the nation to be witnessing more political activities than usual.

However, this is not the case because for whatever reason, the people are certain that the National Republican Association [Colorado Party] will win the elections and General Stroessner will be reelected president of the nation. The interest in conducting more active electoral campaigns is further undermined by the fact that the Liberal Party has splintered into multiple factions and many political groups that could legally participate in the elections--such as the Febrerista Revolutionary Party--as well as those that lack the proper authorization to do so, have decided against participating.

However, amid this quiet atmosphere, voices arise indicating interest in politics and concern for the civic and institutional development. Thus, for example, we could point out some of the remarks that Leandro Prieto Yegros made to this newspaper a few days ago. He said that his political party, the Colorado Party, "is an instrument for instilling democracy into our people," but warned that it must be borne in mind that "freedom and democracy is a task for all and not only for a group or the government," and added that freedom and democracy cannot be "installed" but must be attained through the sustained efforts of everyone. His exact words were "freedom and democracy must be attained, they cannot be installed like a telephone which operates automatically."

These ideas are worthy of sharing. The responsibility for promoting a movement toward full democracy befalls certain sectors more than it does others, but undoubtedly it must be a task for all, not only of some group or the government.

Perhaps many of the political evils that have plagued and still plague the nation stem from the fact that the government and the ruling party were too frequently expected to carry the full burden of the mission of guaranteeing freedom and democracy, and from the belief that these two factors--that are part of the general way of life and prevailing atmosphere--could be created by means of a

single act of government implying little commitment from the other sectors.

We must insist that the current holders of political power have greater responsibility for promoting the movement toward broad democracy, which means that the initiative for a long string of attitudes and decisions should come from them. However, there is no doubt that without the sustained efforts of the citizenry to carry out its own share of work to create the other political factors, full democracy will not be achieved. It is worth recalling that democracy demands, not only a strong sense of individualism, but also the ability to adjust one's political behavior to supreme values.

CSO: 3010/2073

PDC LEADER DISCUSSES PARTICIPATION IN DEMOCRATIC PROCESS

PY210055 Ascuncion ABC COLOR in Spanish 18 Jul 82 p 9

[Undated interview with Romulo Perina, the leader of the Christian Democratic Party, PDC]

[Text] [Question] Why do you think the government refuses to recognize the PDC as a political party?

[Answer] We have filed an application for recognition with the Supreme Court in view of the refusal by the central electoral board to recognize us as a political party. I cannot tell you the reason for its refusal, but I can tell you that we are entitled to recognition pursuant to a previous law.

[Question] Does the government continue to contend that the PDC does not have the number of members necessary for recognition as a political party?

[Answer] This issue has to be discussed yet, but we are claiming a right we are entitled to. We have requested our recognition pursuant to a previous law, which stated that existing parties would be recognized by the mere fact of existing. Following this provision, we lodged an application for recognition with the electoral board in due time. This was done over 10 years ago and the Supreme Court has not yet decided on the matter. We are waiting for the court's decision.

[Question] Since so much time has elapsed since the application was made, what do you think is the reason for the delay? Do you think that the decision is being deliberately delayed?

[Answer] It is very difficult to outline the reason from an objective viewpoint. The truth is that we cannot find a reason for the government's refusal to acknowledge the PDC, because were the PDC recognized, it would be a very useful political organ for the country in view of the things the party could contribute.

The PDC being, as its name says, a Christian party, whose arguments and principles are truly in keeping with the deep feelings of this country, it would implement the Christian principles in the political field in a more emphatic way. We think that this would contribute to improving the political, social and economic structures of the country.

[Question] Should the government acknowledge the PDC as a political party, will the PDC participate in the elections?

[Answer] In accordance with our statute, that is a question which must be resolved only in a national meeting. Therefore, neither myself nor the electoral board can resolve it on our own. However, speaking in general terms, I understand that there is no reason for not participating if the circumstances allow it.

[Question] Regarding your viewpoint that "there is no reason for not participating if the circumstances allow it," don't you think that it is contrary to the principles of the national accord, of which the PDC is a member?

[Answer] I used the word participate meaning that the necessary conditions must arise first for it to be a fruitful participation. I did not mean participating for the mere purpose of participating.

[Question] You mean participating in the present conditions?

[Answer] Yes. There must be some condition or other which will make it possible for that participation to be a fruitful one. Moreover, one cannot adopt a rigid and final stance in politics. This depends on the circumstances, and these can never be foretold. In general terms, if a party wants to participate in order to maintain its recognition, in principle there is no strong objection to this question.

[Question] Should the PDC be able to participate in the elections, what chance would it stand against the other political parties?

[Answer] This cannot be known for certain. We will know this for certain only when the elections are held. However, we are harboring the hope that, since the Paraguayans are a Christian people, a lot of them would be ready to vote for the PDC, since this would be the political expression of Christian belief.

[Question] How many members does the PDC currently have?

[Answer] We are currently making a census. Over 10 years ago we had far more than 20,000 members. We must really learn how many members we have now, so this is why we are making a census.

[Question] Is the PDC in a position to prove to the government that it has over 10,000 members?

[Answer] I believe we are. Now, as for participation, I would like to stress that that issue can only be resolved by the national convention. Participating or not participating is not a fixed rule. This depends on the specific circumstances that arise within the prevailing political framework.

[Question] Is the PDC's support for the national accord firm and final?

[Answer] We support the national accord because we believe it is a valid democratic instrument. We will not withdraw from it, of course, because we have no reason to withdraw or to withhold our support. We believe that the country's democratization can never be achieved by one political party only. It must be a work carried out by all the political parties together through a national dialogue based on mutual respect and on the natural differences that exist regarding viewpoints and ideologies.

[Question] How could that national dialogue be held?

[Answer] It would have to be implemented with all the political parties that are interested, with prior conversations without any type of conditions.

[Question] Has the PDC made any move in this regard?

[Answer] We have always been ready to hold a dialogue. We have publicly said many times that it is necessary to hold a national dialogue.

[Question] What is your opinion regarding the present political process?

[Answer] I believe that some things must be improved but, in overall terms, I do not believe in major steps to improve or worsen the situation. In politics, as in everyday life, one must proceed normally, gradually, step by step. The elements that will make possible the fulfillment of this principle must be implemented in advance. This would be, for example, a national dialogue in which the people will be able to openly express their viewpoints. I believe that nothing positive can be achieved without a truly national and total agreement based on an open and sincere dialogue including all democratic sectors which make up the national political structure.

Our party is in favor of a dialogue to resolve all the political problems. Major progress would be made if the various political parties could be seated around a table, because it must be understood that the solutions to the problems we are currently experiencing will only be found through holding a dialogue, rationally approaching reality and through feeling united as members of society.

I believe that those situations which call for a solution will only be resolved in this way, because little can be achieved through violent confrontations or through maintaining a far too rigid position. In this way, we all maintain our positions and there is no possibility of changing anything. This is why I believe that in order to resolve all the problems, and even to improve the positive situations--and there are some--it is necessary that all political sectors hold a dialogue with the participation of all the Paraguayans, in order to jointly contribute to gradually finding viable solutions to all the problems.

Holding a dialogue we may even find out that our differences are not as great as they appear to be due to the nonexistence of a frank and open exchange.

This is not easy, but it is the only way for political parties to coexist. Clean and clear rules of the game could be established to reach that objective. I believe that rigid positions will take us nowhere, Romulo Perina concluded.

CENTRAL BANK ANNOUNCES NEW EXCHANGE RULES

PY182356 Asuncion ABC COLOR in Spanish 17 Jul 82 p 9

[Excerpt] The Paraguayan Central Bank yesterday established a new exchange system with two fixed exchange rates: One of 126 guaranies to the dollar for imports of staples, like petroleum, wheat and machinery; and the other of 160 guaranies to the dollar for all other imported goods and for EX945. With this measure the dollar was removed from the fluctuating free exchange market, passing to the "banking market," as [Central Bank president] Cesar Romeo Acosta called it yesterday. The measure is temporary and will go into effect this Monday [19 July].

Through circular 65/82, made known yesterday, the Central Bank decreed that banks authorized to operate in the exchange market must convert foreign exchange coming from exports in the following way: 50 percent at the exchange rate of 126 guaranies to the dollar and 50 percent at the exchange rate of 160 to the dollar. One hundred percent of the foreign exchange coming from exports of meat, vegetables and fruits must be converted at the exchange rate of 160 guaranies to the dollar.

Regarding foreign exchange coming from sales abroad, it was established that exporters must take payment within a period of 120 days from the date of the official bill of lading.

Additionally it was decreed that foreign exchange earnings coming from exports converted at the exchange rate of 126 guaranies to the dollar must be transferred in their entirety to the Central Bank of Paraguay by the operating banks.

It was also indicated that foreign exchange coming from binational organizations, like Itaipu and Yacyreta, must be converted at the rate of 126 guaranies to the dollar. That foreign exchange must also be transferred in its entirety to the Central Bank like the other conversions made at the 126 guarani exchange rate.

Regarding imports of staples, the above-mentioned circular decrees purchases abroad of petroleum and (nonnatural gas) derivatives, wheat, machinery and agricultural implements and industrial equipment will be made at the exchange rate of 126 guaranies to the dollar. These operations will be taken care of and

covered by the Central Bank of Paraguay, the document points out, adding that all other imports will be converted at the rate of 160 guaranies to the dollar. Those transactions will be made through the authorized banks.

The official document, made known yesterday evening, emphasizes that the servicing of the public debt (principal and interest) and the services provided by the state which come under the national budget will be taken care of by the Central Bank at the rate of 126 guaranies to the dollar.

In the matter of servicing long and short term foreign loans (principal or interest) contracted by banks and the private sector for the purpose of producing goods, the circular establishes that these will be converted at the rate of 160 guaranies to the dollar. These transactions will be handled by the operating banks authorized by the Central Bank.

Elsewhere the document stated that remittances of dividends and profits from registered private capital [capitales privados inscriptopui] will be converted by the operating banks at the rate of 160 guaranies to the dollar according to article 8 of circular 65/82.

Income and remittances from necessary general services will be converted at the rate of 160 guaranies to the dollar, according to the text of the referent circular.

Article 10 of the circular clearly specifies how the former fluctuating exchange market will operate from Monday on: "The institutions authorized to operate on the exchange market, banks and exchange houses, will carry out their operations at the rate of 160 guaranies to the dollar."

As a result, the dollar exchange market is no longer a fluctuating market, now it is a fixed one. Other currencies will continue under the current system; that is, the law of supply and demand will govern those exchanges.

The Central Bank created, under the new exchange system, a new administrative structure that will be in charge of exercising control over foreign exchange buying and selling operations, according to Central Bank sources. That body will be called the Exchange Commission and will be subordinate to the Central Bank.

CSO: 3010/2073

CENTRAL BANK CLOSES EXCHANGE SHOPS

PY041735 Asuncion HOY in Spanish 3 Aug 82 p 8

[Excerpts] The Central Bank yesterday closed six exchange shops "for reasons pertaining to monetary and exchange control." This was an unexpected development in the chain of reforms that has been taking place in the system of currency exchange.

Cambios [exchange shop] Menno-tour S.A., Cambios Boqueron S.A., Cambios Ruvicha S.R.L., Cambios Libertad S.R.L., Itaipu Cambios S.A. and Cambios Humaita S.R.L. were notified yesterday that their licenses to operate as exchange shops in this country have been withdrawn.

Executives of these firms, when asked by this newspaper, said that they had been greatly surprised by the decision of the Central Bank and most of them said that their exchange shops had not incurred in any irregularities that could warrant the loss of licenses.

Nicolas Came, chairman of the Exchange Shops Association said that he had no information whatsoever about the motives behind the decision of the Central Bank and could therefore venture no opinion. It was reported, however, that the members of the Exchange Shops Association met last night to discuss the situation but the resolutions that came out of this meeting were not disclosed.

It was also reported yesterday that the president of the Central Bank briefed the National Economic Coordination Council on the status of foreign currency reserves and the monetary situation but no further details of this are known.

It was still unknown yesterday whether the exchange shops had been closed down for mere monetary and exchange control reasons as the Central Bank resolution states, or because they had violated the rules and regulations applicable to them. The Central Bank recently warned that it would close down the exchange shops that refused to operate at the fixed exchange rate of 160 guaranies per dollar.

No one knows what the Central Bank hopes to achieve by closing down the Exchange Shops since their operations are no longer affecting foreign trade.

CSO: 3010/2073

BRIEFS

CLOSURE OF EXCHANGE SHOPS EXPLAINED--Central Bank Chairman Cesar Romeo Acosta yesterday explained why six exchange shops were not allowed to continue operating on the exchange market. He said that the government had decided to reduce the number of exchange shops in order to facilitate the control (over exchange operations) by the superintendency of banks. He said it was not a decision made by the Central Bank. He added that the excessive number of exchange shops gives rise to improper competition among them and that this could be dangerous for our economy. Asked whether the measure did not amount to a sanction imposed on the closed shops because of a mistake or a violation of the law, he replied: "It's only a reduction. The measure was taken because there were too many shops. The market is small." [Excerpt] [PY041833 Asuncion ABC COLOR in Spanish 4 Aug 82 p 9]

CSO: 3010/2073

POPULAR CHRISTIAN PARTY WANTS CABINET RESHUFFLE

PY250011 Paris AFP in Spanish 1639 GMT 24 Jul 82

[Text] Lima, 24 Jul (AFP)--The Peruvian Popular Christian Party that has two ministers in President Fernando Belaunde's cabinet, today asked the chief of state to make a partial cabinet reshuffle because certain policies must be changed.

In a statement issued at the end of its national general meeting the PPC reaffirmed its decision to continue cooperating with the constitutional regime for another year--until July 1983--accepting the risks which this involves.

Making it clear that its two ministers are also President Belaunde's and are therefore compelled to carry out the government program, the party said that it feels free to criticize or praise the work of the regime.

In this regard the party voiced its serious concern over the overall crisis the country is experiencing, especially terrorism, administrative corruption and the economic crisis.

It indicated that the latter does not allow the Peruvian people to fulfill their basic needs and precludes an increase of production in view of the drop of private, cooperative and community investments.

Regarding the request for a cabinet reshuffle President Belaunde recently said that there will be no reshuffle except Energy and Mines Minister Pedro Pablo Kuczyski's departure in a few months for personal reasons.

CSO: 3010/2072

FIRE-BOMB DESTROYS SEARS ROEBUCK STORE IN LIMA

PY022255 Paris AFP in Spanish 1427 GMT 1 Aug 82

[Text] Lima, 1 Aug (AFP)--The explosion of a bomb caused a raging fire at the Sears Roebuck store in downtown Lima last night, causing serious damage and injuring five firemen. In another attack, the mayor of Huancavelica Department, southeast Andean region, escaped death.

Just before the bomb explosion, the police managed to deactivate eight potassium nitrate fire-bombs scattered around the store. At the time the store was filled with people and this activity caused great confusion.

Later, after the store was closed, it is located about 200 meters from the government palace, another fire-bomb went off causing a raging fire that consumed the entire third floor of the building. The fire was finally controlled after 3 hours of hard work by four fire companies. Five firemen were injured.

In Huancavelica, 500 km southeast of Lima, the mayor of the department and other officials miraculously escaped an attack in Huayllajota, where they had gone to dedicate some projects.

Dynamite was placed under the table where Mayor Virgilio Flores was presiding over the ceremony, but a policeman discovered the bomb just before it went off.

Another dynamite attack was perpetrated yesterday, Saturday, against the San Luis District Court, on the outskirts of Lima, causing serious damage to the archives and to the building. In Trujillo, 500 km north of Lima, two bombs were thrown against the building of the Peruvian Social Security Institute, causing property damage but no casualties.

CSO: 3010/2072

COUNTRY SECTION

VENEZUELA

BRIEFS

ADOLFO SUAREZ ON GIBRALTAR, EEC--Shortly after arriving in Caracas for a 3-day visit to Venezuela, former Spanish Prime Minister Adolfo Suarez said that Spain will recover its sovereignty over Gibraltar no matter what Great Britain says or thinks. Suarez also said that he considers Spain's admission to the EEC very important, due to the deep crisis his country is undergoing in its agricultural sector and economic system. He added, however, that Spain's admission to the organization does not guarantee improved living conditions, since it will take a long time to adjust the Spanish economy to its entry into the European Common Market. Adolfo Suarez met with President Luis Herrera Campins in Caracas and will also meet with former presidents Carlos Andres Perez and Rafael Caldera and with representatives of the Venezuelan political parties in the next few hours. [Text] [PA162350 Havana International Service in Spanish 0000 GMT 16 Jul 82]

SOCIALIST INTERNATIONAL ON FALKLANDS--Caracas, 23 Jul (LATIN-REUTER)--The socialist international will propose at the United Nations that a peace corps of that organization assume the temporary administration of the Malvinas Islands, according to an agreement reached here this week during a special meeting called to discuss the situation of these islands. The commission that broached the topic also agreed to promote the resumption of negotiations as soon as possible at the United Nations and installing of a democratic and electoral process in Argentina. The Socialist International Commission chaired by Reiulf Steen, was attended by former president Carlos Andres Perez and members of the Argentine multiparty group, Luis Leon, Juan Carlos Manes, Luis Belaustegui, Enrique de Vedia, Oscar Borgonovo and Victor Garcia Costa. The guidelines set here by the socialist international will be presented to the president of the world organization, Willy Brandt, to begin the proper action. [Text] [PA232225 Buenos Aires LATIN in Spanish 1633 GMT 23 Jul 82]

CSO: 3010/2072

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